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Arizona Corporation Commission  
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Exhibit #: S188-S203

Part 17 of 19

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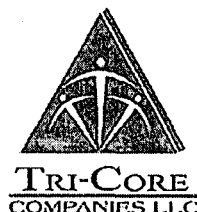
## CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

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Memorandum#: Stephanie Costello

**CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM**

**Tri-Core Companies LLC**  
**An Arizona Limited Liability Company**

**\$5,000,000**

**\$10,000 per Promissory Note (Unit)**  
**MINIMUM PURCHASE - 1 Promissory Note**  
**40% Rate of Return, Compounded Annually; Paid At Maturity**  
**Maturity Date: 24 months**  
**Redemption at Maturity - \$19,600 per Unit**

Tri-Core Companies LLC, an Arizona Limited Liability Company (hereinafter referred to as the "COMPANY"), is offering by means of this Confidential Private Placement Memorandum a maximum of Five Hundred (500) Secured Promissory Notes ("Notes") at an offering price of Ten Thousand (\$10,000) Dollars per Note, for a maximum total of Five Million Dollars (\$5,000,000), to qualified investors who meet the Investor Suitability Requirements set forth herein (see "INVESTOR SUITABILITY REQUIREMENTS"). Each Investor must agree to purchase the Notes, as a lender to the Company, for investment purposes only, and execute a Subscription Agreement in the form contained in the accompanying Subscription Booklet (see "TERMS OF THE OFFERING").

**THESE SECURITIES ARE SPECULATIVE AND INVESTMENT  
IN THE NOTES INVOLVES A HIGH DEGREE OF RISK  
(SEE "RISK FACTORS")**

	<b>Offering Price</b>	<b>Selling Commissions</b>	<b>Proceeds to Company</b>
<b>Per Unit</b>	\$10,000	\$1,000	\$9,000
<b>Maximum Units</b>	\$5,000,000	\$500,000	\$4,500,000

**Tri-Core Companies LLC**  
8800 E. Chaparral Road, Suite 270  
Scottsdale, AZ 85250  
Telephone: (480) 278-7031  
Facsimile: (480) 278-8979

The date of this Private Placement Memorandum is June 1, 2010

Tri-Core Companies LLC

(480) 278-7031

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## IMPORTANT NOTICES

This Confidential Private Placement Offering Memorandum ("Memorandum") is submitted to you on a confidential basis solely for the purpose of evaluating the specific transaction described herein. This information shall not be photocopied, reproduced, or distributed to others without the prior written consent of Tri-Core Companies LLC ("Company"). If the recipient determines not to purchase any of the Notes offered hereby, it will promptly return all material received in connection herewith without retaining any copies.

## DISCLAIMERS

THE NOTES OFFERED HEREBY IN THIS OFFERING MEMORANDUM HAVE NOT BEEN REGISTERED WITH, OR APPROVED, BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, NOR HAVE SUCH NOTES OR THIS MEMORANDUM BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL OF ANY STATE OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE. THIS OFFERING IS BASED ON THE EXEMPTION FROM SUCH REGISTRATION AS SET FORTH IN §4(2) AND RULE 506 OF REGULATION D OF THE SECURITIES ACT OF 1933, AS AMENDED.

THE INVESTMENT DESCRIBED IN THIS MEMORANDUM INVOLVES RISKS, AND IS OFFERED ONLY TO INDIVIDUALS WHO CAN AFFORD TO ASSUME SUCH RISK FOR AN INDEFINITE PERIOD OF TIME AND WHO AGREE TO PURCHASE THE NOTES ONLY FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TOWARD THE TRANSFER, RESALE, EXCHANGE OR FURTHER DISTRIBUTION THEREOF. THERE WILL BE NO PUBLIC MARKET FOR THE NOTES ISSUED PURSUANT TO THIS OFFERING MEMORANDUM. THE RESALE OF THE NOTES IS LIMITED BY FEDERAL AND STATE SECURITIES LAWS AND IT IS THEREFORE RECOMMENDED THAT EACH POTENTIAL INVESTOR SEEK COUNSEL SHOULD THEY DESIRE MORE INFORMATION.

THE PRICE OF THE NOTES AS DESCRIBED IN THIS OFFERING MEMORANDUM HAS BEEN ARBITRARILY DETERMINED BY THE SPONSORS OF THIS INVESTMENT, AND EACH PROSPECTIVE INVESTOR SHOULD MAKE AN INDEPENDENT EVALUATION OF THE FAIRNESS OF SUCH PRICE UNDER ALL THE CIRCUMSTANCES AS DESCRIBED IN THE ATTACHED OFFERING MEMORANDUM.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION IN CONNECTION WITH THIS MEMORANDUM, EXCEPT SUCH INFORMATION AS IS CONTAINED OR REFERENCED IN THIS MEMORANDUM. ONLY INFORMATION OR REPRESENTATIONS CONTAINED OR REFERENCED HEREIN MAY BE RELIED UPON AS HAVING BEEN MADE BY THE COMPANY. PROSPECTIVE INVESTORS WHO HAVE QUESTIONS CONCERNING THE TERMS AND CONDITIONS OF THIS PRIVATE OFFERING MEMORANDUM OR WHO DESIRE ADDITIONAL INFORMATION OR DOCUMENTATION TO VERIFY THE INFORMATION CONTAINED HEREIN SHOULD CONTACT THE COMPANY. PROJECTIONS OR FORECASTS CONTAINED IN THIS PRIVATE OFFERING MEMORANDUM, OR OTHER MATERIALS, MUST BE VIEWED ONLY AS ESTIMATES. ALTHOUGH ANY PROJECTIONS CONTAINED IN THIS MEMORANDUM ARE BASED UPON ASSUMPTIONS WHICH THE COMPANY BELIEVES TO BE REASONABLE, THE ACTUAL PERFORMANCE OF THE COMPANY MAY DEPEND UPON FACTORS BEYOND THE CONTROL OF THE COMPANY. NO ASSURANCE CAN BE GIVEN THAT THE COMPANY'S ACTUAL PERFORMANCE WILL MATCH ITS INTENDED RESULTS.

## **1. SUMMARY OF THE OFFERING**

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY MORE DETAILED INFORMATION THAT MAY APPEAR ELSEWHERE IN THIS PRIVATE PLACEMENT MEMORANDUM. EACH PROSPECTIVE INVESTOR IS URGED TO READ THIS PRIVATE OFFERING MEMORANDUM IN ITS ENTIRETY.

Tri-Core Companies LLC (the "Company") was formed on August 29, 2007 as an Arizona Limited Liability Company. The Company is in the business of Land Acquisition and Development.

The Securities offered are Five Hundred (500) Notes issued by the Company at Ten (\$10,000) Dollars per Note, payable in cash at the time of subscription (see "Exhibit B" for copy of Promissory Note). The minimum purchase is one (1) Note. The Notes have an annual rate of return of forty (40%) percent interest, compounded annually. The return will be paid at maturity, with a maturity date of twenty-four (24) months from the Commencement Date of each Note. The Company reserves the right to extend the maturity for an additional twelve (12) months at the annual rate of return of forty (40%) percent if for reasons beyond the Company's control the abovementioned maturity date cannot be met. If the Company elects this option, the maturity date would be extended up to an additional twelve (12) months from the above noted maturity date.

None of the Notes are convertible to Membership Units, or other type of equity, in the Company. This offering will commence on June 1, 2010, and will terminate no later than May 31, 2011, unless extended by the Company (see "TERMS OF THE OFFERING").

The gross proceeds of the offering will be a maximum of Five Million (\$5,000,000) Dollars. The use of the proceeds is to purchase and hold for appreciation parcels of land along the Sonoran Coast of Mexico.

## **2. THE COMPANY**

Tri-Core Companies LLC (the "Company") was formed on August 29, 2007, as an Arizona Limited Liability Company. At the date of this offering, One Thousand (1,000) of the Company's Membership Units were authorized and Nine Hundred (900) Membership Units are issued, and outstanding. The Company is in the business of construction management, land acquisition and development.

### **2.1 OPERATIONS**

The Company is in the business of construction management, land acquisition and development, specializing in beach front properties along the coast of the upper Sonoran coastline in Sonora, Mexico. SEE "EXHIBIT D - BUSINESS PLAN."

## **2.2 BUSINESS PLAN**

Tri-Core Companies Business Plan, included as Exhibit D of this Memorandum, and was prepared by the Company using assumptions set forth in the Business Plan, including several forward looking statements. Each prospective investor should carefully review the Business Plan before purchasing Notes. Management makes no representations as to the achievability of the underlying assumptions and projected results contained herein.

## **3. MANAGEMENT**

### **3.1 LLC MANAGERS**

The success of the company is dependent upon the services and expertise of existing management. At the present time, three individuals are actively involved in the management of the Company:

#### **Jason Todd Mogler - President and Principal**

Mr. Mogler is a principal partner in Tri-Core Companies LLC, Tri-Core Business Development LLC, Tri-Core Business Development 2 LLC, and Tri-Core Lending, Inc., as well as the President of MyCreditStore dba LenderSquare, Inc. which has been a profitable business since 1997.

Mr. Mogler has an impressive academic resume at Arizona State University where he holds a Bachelor of Science degree with a major in marketing and a minor in psychology. His master studies with Thunderbird American Graduate School of International Management give him an international understanding of business strategies and marketing position. His practical work experience as the Director of Construction Lending for the Royal Bank of Canada gives him thorough knowledge of construction lending and banking operations.

Mr. Mogler has a very long reputation for honest business practices and fair dealings with all people both personally and professionally.

#### **Vince Gibbons - Vice-President, Principal, and Director of Development & Engineering**

Mr. Gibbons has over 22 years of civil engineering experience domestically and internationally. His expertise encompasses due diligence, master planning, feasibility studies, design and contract document preparation for private development, commercial, water, transportation, airport, flood control, storm drain, and sewer projects. Additional professional skills include total project management, design build, construction management, shop drawing review, inspection, cost estimates, and budget and schedule control. Mr. Gibbons is proficient in managing multi-disciplined teams and large projects for private developers and public agencies, as well as smaller more detailed oriented projects. He has earned a reputation for being quality conscious, and for "going

the extra mile" to complete projects on time and within budget. He has worked on a wide variety of projects in the states of Arizona, Utah, Colorado, Nevada, and New Mexico, and in the countries of Panama and Mexico, and is very familiar with the requirements and criteria of each associated governing entity. This broad experience has provided him with an extensive base of knowledge that allows him to develop innovative and cost effective solutions for a myriad of situations.

Mr. Gibbons has owned and operated Tri-Core Engineering for over 9 years. Tri-Core Engineering currently has offices in Arizona, Colorado, and Nevada and is registered in Panama. With a staff of highly qualified and diversified individuals and professionals, Tri-Core Engineering has the ability to offer its clients a wide range of services and expertise. Mr. Gibbons functions as owner, president, and project manager of various endeavors. He and his staff are committed to ensuring that every project is completed to the highest level of accuracy and completeness, and that each client is provided with the individual attention and service they require.

Tri-Core Engineering's expertise encompasses:

- Agency coordination & Negotiations
- Assurance/Quality Control
- Budget & Schedule Control
- Contractor bidding and negotiations
- Construction oversight & management
- Coordination of sub-consultants
- Design layout
- Drainage plans
- Major Roadway design
- Master plan document creation
- Preliminary lot layout and final plat design
- Pro-forma cost estimates

Tri-Core Engineering is known nationally and internationally for their civil engineering expertise, as well as their diversity of work on master planned communities. Samplings of their national and international projects include the following:

- **El Rio Country Club - Mohave County, Arizona.**

Tri-Core Engineering was the engineering firm of record for this 640-acre master-planned residential golf community in Mohave County, Arizona. This community consists of an 18-hole championship golf course, gated entrances, commercial areas, restaurants, spacious clubhouse facilities, and community swimming pools and spas.

- **Eagle View Subdivision - Kingman, Arizona.**

Tri-Core Engineering was the engineering firm of record for this 113-acre master-planned residential community in Kingman, Arizona.

- **Villages at Loreto Bay, Master Planned Development - Loreto, Mexico.**

Tri-Core Engineering was the engineering firm of record for this 10,000-acre development. This project is in the construction stage, with over \$300 million in sales.

- **Colonias de Cardenas, Master Planned Community - Panama City, Panama.**

Tri-Core Engineering was the engineering firm for the Panama Railroad Company for their Colonias de Cardenas development, a 2,500-acre Master Planned Community. The project is currently at the permit stage.

- **Punta Delfin, Enchantment of México - Sea of Cortez, Sonora, México.**

Mr. Gibbons is both a partner and the engineer of record responsible for the engineering aspect of this development. He is also involved in all aspects of the development process for this high-end master planned community. This community consists of a 790-acre seaside residential golf development and marina, as well as a five-star resort hotel. This project is in the permit stage.

**Jim Hinkeldey - Vice-President and Principal**

Jim Hinkeldey possesses thirty-five years of banking and financial experience including portfolio management, joint venture management, and all aspects of the mortgage banking profession for select regional New York banks.

Mr. Hinkeldey headed the Joint Venture division at Richmond Hill Savings Bank in New York. He was responsible for land acquisition through project conclusion which included the delivery of completed developments in a timely and cost efficient, profitable manner.



Mr. Hinkeldey also managed a mortgage backed portfolio. He successfully rearranged the structure of the portfolio to meet asset/liability re-pricing demands. His concept creation resulted in a portfolio that meet re-pricing sensitivity models while delivering positive bottom line results.

Mr. Hinkeldey's business philosophy is based on total enterprise engagement, accountability, and the deliverability of profitable projects. Mr. Hinkeldey's philosophy is that the client and his investment or requirements come first and are paramount to each success.

The management team may be further developed and expanded with qualified and experienced executives, professionals and consultants, as the Company matures and grows.

#### **4. TERMS OF THE OFFERING**

##### **4.1 GENERAL TERMS OF THE OFFERING**

This Private Offering Memorandum is offering a maximum of Five Hundred (500) Notes at Ten (\$10,000) Dollars per Note, for a maximum of Five Million (\$5,000,000) Dollars to a select group of investors who satisfy the Investor Suitability Requirements (see "**INVESTOR SUITABILITY REQUIREMENTS**"). The Company has the authority to sell fractional Notes at its sole discretion.

##### **4.2 MINIMUM OFFERING AMOUNT**

No minimum offering amount has been established.

##### **4.3 NONTRANSFERABILITY OF NOTES**

The Notes have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), and are being offered in reliance upon an exemption under §4(2) and Rule 506 of Regulation D of the Securities Act, as amended, and rules and regulations hereunder. The Notes have not been registered under the securities laws of any state and will be offered pursuant to an exemption from registration in each state. A purchaser may transfer or dispose of the Note only if such Notes are subsequently registered under the Securities Act, or if an exemption from registration is available, and pursuant to an opinion of counsel acceptable to the Company and its counsel to the effect that the Notes may be transferred without violation of the registration requirements of the Securities Act or any other securities laws.

##### **4.4 CLOSING OF THE OFFERING**

The Notes are offered and closed only when a properly completed Subscription Agreement (**Exhibit A**); Note (**Exhibit B**), and Investor Questionnaire (**Exhibit C**) are submitted by the investing Subscriber or his/her Investor

Representatives and are received and accepted by the Company. The Subscription Agreement as submitted by an investing Subscriber or his/her Investor Representatives shall be binding once the Company signs the Subscription Agreement, Note and the funds delivered by the potential Investor to the Company with the Subscription Agreement has been cleared by the financial institution in which they are deposited by the Company. The Notes will be delivered to qualified Investors upon acceptance of their subscriptions. All funds collected from investing Subscribers will be deposited in a designated account under the control of the Company. Investors subscribing to the Notes may not withdraw or revoke their subscriptions at any time prior to acceptance by the Company, except as provided by certain state laws, or if more than thirty (30) days have passed after receipt of the Subscription Agreement by the Company without the Company accepting the Investor's funds and delivering all applicable documents to such Investor. The proceeds of this Offering will be used only for the purpose set forth in this Private Offering Memorandum (see **"USE OF PROCEEDS"**).

The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon receipt of the maximum offering subscription amount of Five Million (\$5,000,000) Dollars
2. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding thirty (30) days thereafter to which the Company, in its sole discretion, may extend this Offering.

## **5. PLAN OF DISTRIBUTION**

### **5.1 OFFERING OF NOTES**

The Notes will be offered to prospective lenders by Officers and Directors of the Company and qualified licensed personnel, pursuant to State and Federal security rules and regulations. This Offering is made solely through this Private Placement Memorandum and without any form of general solicitation or advertising. The Company and its Officers and Directors or other authorized personnel will use their best efforts during the Offering period to find eligible Investors who desire to subscribe to the Notes in the Company. These Notes are offered on a "best efforts" basis, and there is no assurance that any or all of the Notes will be closed. The Company has the authorization to offer fractional Notes at its sole discretion. The Offering period will begin as of the date of this private Offering Memorandum and will close upon the happening of such occurrences as defined herein (see **"TERMS OF THE OFFERING"**).

## **5.2 PAYMENTS TO BROKER DEALERS OR INVESTMENT ADVISORS**

The Company has the power to pay fees or commissions to qualified Broker Dealers, Registered Investment Advisors or any other person qualified under other applicable federal and state security laws.

## **6. DESCRIPTION OF NOTES**

### **6.1 NOTES**

The Company is offering Five Hundred (500) Notes of the Company to potential investors at Ten (\$10,000) Dollars per Note, payable in cash at the time of the subscription. The minimum purchase is one (1) note. The Notes will have an annual rate of return of forty (40%) percent interest, compounded annually, with a maturity date of twenty-four (24) months from the Commencement Date of each Note. All principal shall be paid at maturity (24 months). Interest shall be paid at maturity (24 months). The principal and any interest due on said principal may be prepaid, at the sole discretion of the Company, without a prepayment penalty at any time. The Company reserves the right to extend the maturity for an additional twelve (12) months at the annual rate of return of forty (40%) percent if for reasons beyond the Company's control the abovementioned maturity date cannot be met. If the Company elects this option, the maturity date would be extended up to an additional twelve (12) months from the above noted maturity date. The Notes offered pursuant to this Private Placement Memorandum will be secured by the property.

The Notes will be issued in the form attached hereto and incorporated herein by reference as though set forth in full herein as **Exhibit B**.

### **6.2 SECURITY FOR PAYMENT OF THE NOTES**

The Notes being offered by the Company in this Private Placement Offering are secured by the land Tri-Core Companies LLC purchases.

### **6.3 REPORTS TO NOTEHOLDERS**

The Company will furnish annual un-audited reports to its Note holders ninety (90) days after its fiscal year. The Company may issue other interim reports to its Note holders as it deems appropriate. The Company's fiscal year ends on December 31<sup>st</sup> of each year.

## **7. USE OF PROCEEDS**

The gross proceeds of the Offering will be a maximum of Five Million (\$5,000,000) Dollars. The table below sets forth the use of proceeds for both the maximum and minimum offering amounts.

### Sources

	Maximum Amount	Percent of Proceeds
Proceeds From the Sale of Notes	\$5,000,000	100.00%

### Application of Proceeds

Offering Expenses <sup>(1)</sup>	\$ 5,000	0.100%
Commissions <sup>(2)</sup>	\$ 500,000	10.000%
<b>Total Offering Expenses &amp; Fees</b>	<b>\$ 505,000</b>	<b>10.100%</b>
<b>Net Offering Proceeds</b>	<b>\$ 4,495,000</b>	<b>89.900%</b>
General Project Expense	\$ 20,000	0.400%
Soft Cost	\$ 25,000	0.500%
Marketing	\$ 35,000	0.700%
Administration	\$ 36,000	0.720%
Land Purchase <sup>(3)</sup>	\$ 4,379,000	87.580%
<b>Total Application of Proceeds</b>	<b>\$ 5,000,000</b>	<b>100.00%</b>

Footnotes:

- (1) Includes estimated memorandum preparation, filing, printing, legal, accounting and other fees and expenses related to the Offering.
- (2) This Offering is being sold by the officers and directors of the Company, who will not receive any compensation for their efforts. No sales fees or commissions will be paid to such officers or directors. Notes may be sold by registered brokers or dealers who are members of the NASD and who enter into a Participating Dealer Agreement with the Company. Such brokers or dealers may receive commissions up to ten percent (10%) of the price of the Notes sold.
- (3) Includes amount available for land purchase, transfer fee costs and real estate taxes

## 8. CAPITALIZATION STATEMENT

### 8.1 CAPITALIZATION PRIOR TO AND AFTER THE OFFERING

The following table summarizes the capitalization of the Company prior to, and as adjusted to reflect, the issuance and sale of the maximum of Five Hundred (500) Notes or Five Million (\$5,000,000) Dollars.

	AS ADJUSTED 08/29/07	AFTER THE OFFERING
Notes	<u>-0-</u>	<u>\$5,000,000</u>
Membership Units \$0.10 par value, 1,000 Units authorized, 900 Units issued and outstanding	\$100	\$100
Net Shareholders' Equity	\$100	\$100
TOTAL CAPITALIZATION	<u>\$100</u>	<u>\$5,000,100</u>

## **9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

### **9.1 RESULTS OF OPERATIONS**

The Company is actively engaged in the purchase of land to be held for appreciation.

### **9.2 LIQUIDITY AND CAPITAL RESOURCES**

The Company's liquidity and capital resources are dependent on its ability to raise sufficient capital to pay for the purchase price of the Promissory Notes.

## **10. CERTAIN TRANSACTIONS**

### **10.1 ARIZONA LIMITED LIABILITY COMPANY**

Tri-Core Companies LLC is a privately held Arizona Limited Liability Company, incorporated on August 29, 2007.

### **10.2 PRIVATE OFFERING OF NOTES**

The Company is authorized to offer in this private offering, up to Five Million (\$5,000,000) Dollars of Notes to selected investors, effective on June 1, 2010.

## **11. FIDUCIARY RESPONSIBILITIES OF THE DIRECTORS AND OFFICERS OF THE COMPANY**

### **11.1 GENERAL**

The Principals, Officers, and Directors of the Company are accountable to the Company as fiduciaries and such Principals, Officers and Directors are required to exercise good faith and integrity in managing the Company's affairs and policies. Each Note Holder of the Company, or their duly authorized representative, may inspect the books and records of the Company at any time during normal business hours. A Note Holder may be able to bring an action on behalf of himself in the event the Note Holder has suffered losses in connection with the purchase or sale of the Note(s) in the Company, due to a breach of fiduciary duty by an Officer or Director of the Company, in connection with such sale or purchase, including the misrepresentation or misapplication by any such Officer or Director of the proceeds from the sale of these Notes, and may be able to recover such losses from the Company.

### **11.2 INDEMNIFICATION**

Indemnification is permitted by the Company to directors, officers, or controlling persons pursuant to Arizona law. Indemnification includes expenses, such as attorneys' fees and, in certain circumstances, judgments, fines and settlement amounts actually paid or incurred in connection with actual or threatened actions, suits or proceedings involving such person and arising from their relationship with the Company, except in certain circumstances where a person is adjudged to be guilty of gross negligence or willful misconduct, unless a court of competent jurisdiction determines that such indemnification is fair and reasonable under the circumstances.

## **12. RISK FACTORS**

THIS INVESTMENT INVOLVES A DEGREE OF RISK. AN INDIVIDUAL CONTEMPLATING INVESTMENT IN THIS OFFERING SHOULD GIVE CAREFUL CONSIDERATION TO THE ELEMENTS OF THE RISK SUMMARIZED BELOW, AS WELL AS THE OTHER RISK FACTORS IDENTIFIED ELSEWHERE IN THIS PRIVATE OFFERING MEMORANDUM.

THIS INVESTMENT INVOLVES A DEGREE OF RISK. AN INDIVIDUAL CONTEMPLATING INVESTMENT IN THIS OFFERING SHOULD GIVE CAREFUL CONSIDERATION TO THE ELEMENTS OF THE RISK SUMMARIZED BELOW, AS WELL AS THE OTHER RISK FACTORS IDENTIFIED ELSEWHERE IN THIS PRIVATE OFFERING MEMORANDUM.

### **12.1 CONTROL BY COMPANY**

After completion of this offering, the Company will own one hundred percent (100%) of the issued and outstanding Membership Units. Such ownership will enable the Company to continue to elect all the Managers and to control the Company's policies and affairs. The Note Holders will not have any voting rights in the Company.

### **12.2 RELIANCE ON THE COMPANY FOR MANAGEMENT**

All decisions with respect to the management of the Company will be made exclusively by the Principal Managers of the LLC. The Note Holders do not have the right or power to take part in the management of the Company. Accordingly, no person should purchase a Note unless he is willing to entrust all aspects of the management of the Company to existing Management.

### **12.3 LIMITED TRANSFERABILITY OF THE NOTES**

The transferability of the Notes in this offering is limited, and potential investors should recognize the nature of their investment in the offering. It is not expected that there will be a public market for the Notes because there will be only a limited number of investors and restrictions of the transferability of Notes. The Notes have not been registered under the Securities Act of 1933, as amended, or qualified or registered under the securities laws of any state and, therefore, the Notes cannot be resold unless they are subsequently so registered or qualified or an exemption from such registration is available. The offering also contains restrictions on the transferability of the Notes. Accordingly, purchasers of Notes will be required to hold such Notes to maturity unless otherwise approved by the Company. The Company does not intend to register the Notes under the Securities Act of 1933.

### **12.4 REGULATIONS**

The Company is subject to usual federal and state laws, rules and regulations. The Company believes it is in full compliance with any and all applicable laws, rules and regulations both domestically and in Mexico.

### **12.5 GENERAL ECONOMY**

The Company is subject to the Mexican and U.S. Economy and its effect on consumer confidence and spending.

### **12.6 ZONING**

This area is zoned for resort and single family development. No changes are foreseen for this area.

## **12.7 MARKET DEMAND**

The market for unspoiled beachfront property that is highly developable remains strong.

## **12.8 FORCE MAJEURE**

Neither party shall be liable in damages or have the right to terminate this Agreement for any delay or default in performing hereunder if such delay or default is caused by conditions beyond its control including, but not limited to Acts of God, Government restrictions (including the denial or cancellation of any export or other necessary license), wars, insurrections and/or any other cause beyond the reasonable control of the party whose performance is affected.

## **13. PRINCIPAL SHAREHOLDERS**

As of the date of this Offering, the Company has Nine Hundred (900) Membership Units issued and outstanding to Jason Todd Mogler (30%), Jim Hinkeldey (30%) and Vince Gibbons (30%).

## **14. HOW TO INVEST**

An Investor who meets the qualifications as set forth in this Private Offering Memorandum may subscribe for at least the minimum purchase herein of One (1) Note (Ten Thousand (\$10,000) Dollars) by carefully reading this entire Private Offering Memorandum and by then completing and signing a separately bound booklet. This booklet contains identical copies of the following exhibits contained in the Private Offering Memorandum, including:

Exhibit A INSTRUCTIONS TO SUBSCRIBERS and SUBSCRIPTION AGREEMENT: This contains complete instructions to Subscribers and should be read in its entirety by the prospective investor prior to investing. The Subscription Agreement must be signed by the Investor.

Exhibit B PROMISSORY NOTE: This Note will be signed by Tri-Core Companies LLC.

Exhibit C INVESTOR QUESTIONNAIRE: This questionnaire requires a Subscriber to complete a financial history in order to aid the Company in the determination of the suitability of the Subscriber as a potential Investor. This questionnaire must be signed by the Investor.

Exhibit D TRI-CORE COMPANIES LLC: Business Plan



Copies of all the above referenced documents are included with this Private Placement Memorandum. For discussion of the actions of the Company upon receipt of a properly completed request to invest by a Subscriber, please see "**TERMS OF THE OFFERING.**" Such Investor should include his check made payable Tri-Core Companies LLC, along with the SUBSCRIPTION AGREEMENT, NOTE, AND INVESTOR QUESTIONNAIRE. Delivery of the documents referred to above, together with a check to the Company should be addressed to the Company as follows: **Tri-Core Companies LLC, 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250.**

## **15. INVESTOR SUITABILITY REQUIREMENTS**

### **15.1 INTRODUCTION**

Potential Investors should have experience in making investment decisions or such Investors should rely on their own tax consultants or other qualified investment advisors in making this investment decision.

### **15.2 GENERAL SUITABILITY**

Each potential Investor will be required to represent the following by execution of a Subscription Agreement:

1. The Investor has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in this Offering.
2. The Investor has the ability to bear the economic risk of this investment, has adequate means to provide for his, her, or its current needs and personal contingencies, has no need for liquidity in this investment and could afford the complete loss of the investment.
3. The Investor is acquiring the Note(s) for his, her or its own account for investment purposes only and not with a view toward subdivision, resale, distribution or fractionalization thereof, or for the account of others, and has no present intention of selling or granting any participation in, or otherwise distributing, the Note(s).
4. The Investor's overall commitment to invest in the Note(s) is not disproportionate to his, her, or its net worth and the investment in these Note(s) will not cause such overall commitment to become excessive.
5. The Investor has read and understands this Private Placement Memorandum and all its exhibits.

### **15.3 NONACCREDITED INVESTORS**

Up to and including thirty-five (35) investing Subscribers may be accepted by the Company as suitable Investors if each such Subscriber has a net worth sufficient to bear the risk of losing his entire investment and meets the above "General Suitability Standards."

### **15.4 ACCREDITED INVESTORS**

In addition to satisfying the "General Standards" as defined above, all but thirty-five (35) Subscribers for Shares must each satisfy one of the "Accredited Investors" economic suitability standards as defined below:

1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds One Million (\$1,000,000) Dollars;
2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of Three Hundred Thousand (\$300,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;
3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
4. Any private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940);

5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;

6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

8. Any entity in which all of the equity owners are Accredited Investors.

NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.

#### **15.5 ACCEPTANCE OF SUBSCRIPTION AGREEMENT BY THE COMPANY**

The Investor Suitability Requirements referred to in this section represent minimum requirements for potential Investors. Satisfaction of these standards does not necessarily mean that participation in this Offering constitutes a suitable investment for such a potential Investor or that the potential Investors' Subscription will be accepted by the Company. The Company may, in fact, modify such requirements as circumstances dictate. All Subscription Agreements submitted by potential Investors will be carefully reviewed by the Company to determine the suitability of the potential Investor in this Offering. The Company may, in its sole discretion, refuse a Subscription in this Offering to any potential Investor who does not meet the applicable Investor Suitability Requirements or who otherwise appears to be an unsuitable Investor in this Offering. The Company will not necessarily review or accept a Subscription Agreement in the sequential order in which it is received. The Company also has the discretion to maximize the number of Accredited Investors in this Offering and, as a result, may accept less than thirty-five (35) Non-accredited Investors in this Offering.

#### **16. LITIGATION**

The Company and its Principals have no lawsuits pending, no legal actions pending or judgments entered against the Company or its Principals and, to the best

knowledge of the Company, no legal actions are contemplated against the Company and/or its Principals.

#### **17. ADDITIONAL INFORMATION**

Reference materials described in this Private Offering Memorandum are available for inspection at the office of the company during normal business hours. It is the intention of the Company that all potential Investors are given full access to such information for their consideration in determining whether to purchase the Notes being offered. Prospective Investors should contact the Company for access to information regarding the matters set forth or other information concerning the Company. Representatives of the Company will also answer all inquiries from potential Investors concerning the Company and any matters relating to its proposed operations or present activities. The Company will afford potential Investors and their representatives the opportunity to obtain any additional information reasonably necessary to verify the accuracy or the source of any representations or information contained in this Private Offering Memorandum. All contracts entered into by the Company are subject to modifications and the Company may make any changes in any such contracts as deemed appropriate in its best discretion. Such recent amendments may not be circulated to Subscribers prior to the time of closing this Offering. However, potential Investors and their representatives may review such material or make inquiry of the Company concerning any of these and any other matters of interest.

#### **18. FORECASTS OF FUTURE OPERATING RESULTS**

Any forecasts and proforma financial information which may be furnished by the Company to prospective Investors or which are part of the Company's business plan, are for illustrative purposes only and are based upon assumptions made by Management regarding hypothetical future events. There is no assurance that actual events will correspond with the assumptions or that factors beyond the control of the Company will not affect the assumptions and adversely affect the illustrative value and conclusions of any forecasts.

#### **19. GLOSSARY OF TERMS**

The following terms used in this Memorandum shall (unless the context otherwise requires) have the following respective meanings:

**ACCEPTANCE.** The acceptance by the Company of a prospective investor's subscription.

**ACCREDITED INVESTORS.** Those investors who meet the criteria set forth in "INVESTOR SUITABILITY REQUIREMENTS."

**BROKER-DEALER.** A person or firm licensed with the NASD, the SEC and with the securities or corporate commissions department of the state

in which it sells investment securities and who may employ licensed agents for that purpose.

**COMPANY.** Refers to **TRI-CORE COMPANIES LLC**, an Arizona Limited Liability Company.

**NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. (NASD).** A self-regulating body which licenses brokers and dealers handling securities offerings, reviews the terms of an offering's underwriting arrangements and advertising literature and, while not a governmental agency, acts as a review service watchdog to make sure that its regulations and those of the SEC are followed for the Investor's protection in offerings of securities.

**NOTES.** A Ten Thousand (\$10,000) Dollar investment consisting of one (1) Promissory Note issued by **TRI-CORE COMPANIES LLC**, an Arizona Limited Liability Company.

**SECURITIES ACT OF 1933.** A federal act regulated and enforced by the SEC that requires, among other things, the registration and use of a prospectus whenever a security is sold (unless the security or the manner of the Offering is expressly exempt from such registration process).

**SECURITIES EXCHANGE ACT OF 1934.** A federal act regulated and enforced by the SEC which supplements the Securities Act of 1933 and contains requirements which were designed to protect investors and to regulate the trading (secondary market) of securities. Such regulations require, among other things, the use of prescribed proxy statements when investors' votes are solicited; the disclosure of management and large shareholders' holding of securities; controls on the resale of such securities; and periodic (monthly, quarterly, annually) filing with the SEC of financial and disclosure reports of the Issuer.

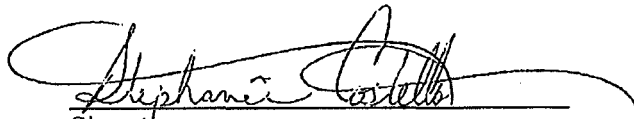
**SECURITIES AND EXCHANGE COMMISSION (SEC).** An independent United States government regulatory and enforcement agency which supervises investment trading activities and registers companies and those securities which fall under its jurisdiction. The SEC also administers statutes to enforce disclosure requirements that were designed to protect investors in securities offerings.

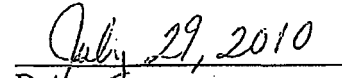
**SUBSCRIPTION DOCUMENTS.** Consists of the Note, Subscription Agreement, Investor Questionnaire, and a check as payment for the Note(s) to be purchased submitted by each prospective Investor to the Company.

**TERMINATION DATE.** The earlier to occur of the date on which all Notes are sold or May 31, 2011.

**20. ACKNOWLEDGMENT**

By signing below, the undersigned acknowledges that he/she has read and understood this entire Private Placement Memorandum.

  
Signature

  
Date

Stephanie Costello  
Print Name

**EXHIBIT A**  
**SUBSCRIPTION AGREEMENT**

A1

**Print Name of Subscriber:** Stephanie Costello

**Amount Loaned:** \$ 75,000.00

**Number of Notes:** 7.5

**TRI-CORE COMPANIES LLC**

**SUBSCRIPTION DOCUMENTS**

**OFFERING OF A MAXIMUM OF FIVE HUNDRED (500)  
SECURED PROMISSORY NOTES**

**TEN (\$10,000) DOLLARS PER NOTE**

**JUNE 1, 2010**

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**SUBSCRIPTION INSTRUCTIONS**  
**(Please read carefully)**

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Each subscriber for the Secured Promissory Notes, Ten (\$10,000) Dollars per Note (the "Notes") of Tri-Core Companies LLC, an Arizona Limited Liability Company ("the Company"), must complete and execute the Subscription Documents in accordance with the instructions set forth below. The completed documents should be sent to Tri-Core Companies LLC, 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250.

**Payment for the Securities should be made by check payable to the Tri-Core Companies LLC and enclosed with the documents as directed in Section III below.**

- I. These Subscription Documents contain all of the materials necessary for you to purchase the Notes. This material is arranged in the following order:
  - Subscription Agreement
  - Promissory Note
  - Confidential Prospective Purchaser's Questionnaire
- II. All investors must complete in detail, date, initial, and sign the Subscription Documents where appropriate. All applicable sections must be filled in.
- III. Payment for the Notes must be made by check as provided below:

Please make your check payable, in the appropriate amount, for the number of Notes purchased (at Ten Thousand (\$10,000) per Note), to **Tri-Core Companies LLC**. Your check should be enclosed with your signed subscription documents.

All funds received from subscribers will be placed in a segregated Holding Account of the Company. Once the minimum offering amount has been reached the funds will be transferred to the Company's operating account and will be available for use.

#### IV **SPECIAL INSTRUCTIONS**

**FOR CORPORATIONS.** Include copy of Board resolution designating the corporate officer authorized to sign on behalf of the corporation, a Board resolution authorizing the investment, and financial statements.

**FOR PARTNERSHIPS.** Provide a complete copy of the partnership agreement, questionnaire, and financial statements for each General Partner.

**FOR TRUSTS.** Provide a complete copy of the instruments or agreements creating the trust, as amended to date.

**Print Name of Subscriber:** Stephanie Costello

**Amount Loaned:** \$ 75,000.00

**Number of Notes:** 7.5

**Subscription Agreement**

To: Tri-Core Companies LLC  
8800 E. Chaparral Road – Suite 270  
Scottsdale, AZ 85250

Gentlemen:

**1. Subscription.** The undersigned hereby subscribes for 7.5 Notes of Tri-Core Companies LLC (the "Company"), an Arizona Limited Liability Company, and agrees to loan to the Company Ten (\$10,000) Dollars per Note for an aggregate loan of **\$75,000.00** (the "Loan Amount") upon the terms and subject to the conditions (a) set forth herein, and (b) described in the Confidential Private Placement Memorandum ("Private Placement Memorandum") dated June 1, 2010, together with all exhibits thereto and materials included therewith, and all supplements, if any, related to this offering. The minimum loan is Ten Thousand (\$10,000) Dollars, but the Company has the discretion to offer fractional Notes for loans less than the minimum.

**2. Note Offering.** The Company is offering a maximum of Five Hundred (500) Notes at Ten (\$10,000) Dollars per Note, with no minimum subscription (the "Offering"). The maximum aggregate loan to the Company from this Offering will be Five Million (\$5,000,000) Dollars. The Offering is being made to a limited number of investors pursuant to an exemption available under the Securities Act of 1933 (the "Act"), specifically Rule 506 promulgated under Regulation D, and under certain other laws, including the securities law of certain states.

**3. Documents to Be Delivered.** The undersigned is delivering to the Company executed copies of this Subscription Agreement (the "Agreement"), the Note(s), Offeree Questionnaire, and all other applicable exhibits and documents (the "Subscription Documents"). The Subscription Documents should be delivered to Tri-Core Companies LLC, at 8800 E Chaparral Road, Suite #270, Scottsdale, AZ 85250. The undersigned understands and agrees that he or it will not become a "Holder" of the Note(s) and the Company shall not become a "Maker" of the Note(s) unless and until the Agreement and Note(s) are executed by the Company.

**4. Making of Loan Amount.** The undersigned, simultaneously with the delivery of the Subscription Documents to the Company, hereby tenders to the Company the Loan Amount by **check made payable to the order of Tri-Core Companies LLC** in the amount indicated above.

**5. Acceptance or Rejection of Subscription.** The undersigned understands and agrees that the Company reserves the right, exercisable in its sole discretion, to accept or reject any subscription, in whole or in part, for any reason and that the undersigned will be notified by the Company as promptly as practicable as to whether his or its subscription has been accepted or rejected. If the undersigned's subscription is accepted, in whole or in part, by the Company, the Company will execute this Agreement and the Note(s) and return them to the undersigned. If this subscription is rejected by the Company, either in whole or in part, all funds, in the case of a rejection of the subscription in whole, or those funds representing the amount of the subscription not accepted by the Company, in the case of a rejection of the subscription in part, will be returned to the undersigned as promptly as practicable. If this subscription is rejected in whole by the Company, this Agreement shall be null, void and of no effect. The undersigned does not have the right to withdraw or revoke his or its subscription during the Offering period, except as provided by certain state laws, except that if more than thirty (30) days shall have passed from the date the Company received completed and executed Subscription Documents and the Loan Amount from the undersigned (the "Acceptance Period"), and the Company has not accepted the subscription during the Acceptance Period, the undersigned may withdraw his or its subscription at any time after the Acceptance Period up until such time that the Company subsequently decides, in its sole discretion, to accept the subscription in whole or in part.

**6. Offering Period.** The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon receipt of the maximum offering subscription amount of Five Million (\$5,000,000) Dollars
2. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding thirty (30) days thereafter to which the Company, in its sole discretion, may extend this Offering.

**7. Closing of the Loan.** The Note(s) subscribed for herein shall not be deemed made by the Company or held by the undersigned until this Agreement and the Note(s) have been countersigned by the Company, and until the funds delivered by the undersigned to the Company with the Subscription Documents have been deposited in the Holding Account and have been cleared by the applicable bank of the Company (the "Effective Date"). Upon the Effective Date, (a) the undersigned shall have loaned to the Company the Loan Amount, (b) the undersigned shall become the Holder and the Company shall become the Maker of the Note(s) subscribed for by the undersigned, and (c) both the undersigned and the Company shall be bound by the terms of the Private Placement Memorandum and the Subscription Documents and any other undertakings described herein.

**8. Representations and Warranties.**

- (a) The Company hereby represents and warrants as follows:

(i) The Company is a Limited Liability Company duly organized, validly existing and in good standing under the laws of the State of Arizona and has the requisite company power and authority to own, lease and operate its properties and to carry on its business as now being conducted;

(ii) This Agreement constitutes the valid and binding obligation of the Company enforceable against the Company in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws from time to time in effect which affect creditor's rights generally and by legal and equitable limitations on the availability of specific performance and other equitable remedies under or by virtue of this Agreement). The Company has all requisite power and authority, corporate and other, to execute and deliver this Agreement and the Note(s) and to consummate the transactions contemplated hereby. All persons who have executed this Agreement and the Note(s) on behalf of the Company have been duly authorized to do so by all necessary corporate action. Neither the execution and delivery of this Agreement and the Note(s) nor the consummation of the transactions contemplated hereby will (A) violate any provision of the Certificate of Incorporation or Operating Agreement of the Company, as currently in effect; (B) violate any judgment, order, injunction, decree or award against, or binding upon, the Company or the securities, assets, properties, operations or business of the Company; or (C) violate any law or regulation applicable to the Company or to the securities, assets, properties, operations or business of the Company.

(b) In order to induce the Company to accept the subscription made hereby, the undersigned hereby represents and warrants to the Company as follows:

(i) The undersigned has received the Private Placement Memorandum and the Subscription Documents. The undersigned has read and understands the Private Placement Memorandum and Subscription Documents and the information contained in those documents concerning the Company and this Offering or has caused his or its representative to read and examine the Private Placement Memorandum and Subscription Documents. The undersigned has relied only on the information about the Company contained in these documents and his or its own independent investigation in making his or its subscription. The undersigned understands that the Notes will be issued with the rights and subject to the conditions described in the Private Placement Memorandum and Subscription Documents;

(ii) The undersigned is familiar with the terms and conditions of the Offering and is aware that his or its investment involves a

degree of risk and the undersigned has read the section in the Private Placement Memorandum titled "Risk Factors."

(iii) The undersigned hereby specifically accepts and adopts each and every provision of this Agreement and acknowledges and agrees with each and every provision of this Agreement and, upon acceptance by the Company of the subscription made hereby, agrees to be bound by such provisions.

(iv) The undersigned acknowledges and is aware that there is no assurance as to the future performance of the Company.

(v) The undersigned, if an individual (A) has reached the age of majority in the state in which he resides and (B) is a bona fide resident and domiciliary (not a temporary or transient resident) of the state set forth below his signature on the signature page hereof and has no present intention of becoming a resident of any other state or jurisdiction. The undersigned, if a partnership, corporation, limited liability company, trust or other entity, was organized or incorporated under the laws of the jurisdiction set forth below the signature made on its behalf on the signature page hereof and has no present intention of altering the jurisdiction of its organization, formation or incorporation.

(vi) The undersigned has the financial ability to bear the economic risk of an investment in the Offering, has adequate means of providing for his or its current needs and personal contingencies, has no need for liquidity in the Note(s) and could afford a complete loss of his or its investment in the Offering.

(vii) The undersigned represents and warrants to the Company that he or it comes within one of the categories of investors as defined in Exhibit 1 hereto *(please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity).*

(viii) The undersigned has been given the opportunity to review the merits of an investment in the Offering with tax and legal counsel or with an investment advisor to the extent the undersigned deemed advisable.

(ix) The undersigned's overall commitment to invest in the Note(s), which are not readily marketable, is not disproportionate to his or its net worth and his or its investment in the Offering will not cause such overall commitment to become excessive.

(x) The undersigned has such knowledge and experience in financial and business matters that he or it is capable of evaluating the merits and risks of an investment in the Offering.

(xi) The undersigned has been given a full opportunity to ask questions of and to receive (A) answers from the Company and its Managers concerning the terms and conditions of this Offering and the business of the Company and (B) such other information as he or it desired in order to evaluate an investment in the Offering, and all such questions have been answered to the full satisfaction of the undersigned. No oral or written representations have been made or oral or written information furnished to the undersigned or the undersigned's advisors in connection with the Offering or interests that were in any way inconsistent with this Subscription Agreement. The undersigned is not participating in the Offering as a result of or subsequent to: (1) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television, radio or the internet or (2) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

(xii) If the undersigned is a corporation, limited liability company, partnership, trust or other entity, it is authorized and qualified to make this loan to the Company and the person signing this Agreement on behalf of such entity has been duly authorized by such entity to do so.

(xiii) If the undersigned is a corporation, limited liability company or partnership, the person signing this Agreement on its behalf hereby represents and warrants that the information contained in this Agreement completed by any shareholders of such corporation, members of such limited liability company or partners of such partnership is true and correct with respect to such shareholder, member or partner (and if any such shareholder is itself a corporation, limited liability company or partnership, with respect to all persons having an equity interest in such corporation, limited liability company or partnership, whether directly or indirectly) and that the person signing this Agreement has made due inquiry to determine the truthfulness and accuracy of the information contained in this Agreement.

(xiv) The purchase of the Note(s) by the undersigned has been duly authorized, and the execution, delivery and performance of this Agreement does not conflict with the undersigned's partnership agreement, certificate of incorporation, by-laws, articles of organization, operating agreement or any agreement to which the undersigned is a party and this Agreement is a valid and binding agreement enforceable against the undersigned in accordance with its terms.

(xv) The undersigned hereby represents that he or it is subscribing for the Notes as principal or as trustee, solely for the account of the undersigned, for investment purposes only and not with a view to, or for, subdivision, resale, distribution, or fractionalization thereof, in whole or in part, or for the account, in whole or in part, of others, and, except as disclosed herein, no other person has a direct or indirect beneficial interest in the Note(s). The undersigned will hold the Note(s) as an investment and has no reason to anticipate any change in circumstances or other particular occasion or event, which would cause the undersigned to attempt to sell any of the Note(s).

(xvi) The undersigned acknowledges his or its understanding that (A) the Offering of the Note(s) by the Company has not been registered under the Act, as amended, or the securities laws of certain states in reliance on specific exemptions from registration, (B) the Confidential Memorandum and Subscription Documents have not been filed with or reviewed by the Securities and Exchange Commission or the securities department of any state and no securities administrator of any state or the federal government has recommended or endorsed this Offering or made any finding or determination relating to the fairness of an investment in the Company, and (C) the Offering of the Note(s) by the Company is intended to be exempt from registration pursuant to Section 4 (2) of the Act and the rules promulgated there under by the Securities and Exchange Commission, and that the undersigned's Note(s) cannot be sold, pledged, assigned or otherwise disposed of unless they are registered under the Act or an exemption from such registration is available.

(xvii) The undersigned represents and warrants that he or it will not transfer or convey all or part of his or its financial interest in the Note(s) unless such Note(s) are subsequently registered under the Act, or an exemption from such registration is available and without (A) the prior written consent of the Company and (B) an opinion of counsel acceptable to the Company and its counsel to the effect that the Note(s) may be transferred without violation of the registration requirements of the Act or any applicable state securities laws, as may be amended from time to time. The undersigned further acknowledges that there can be no assurance that the Company will file any registration statement for the Note(s) for which the undersigned is subscribing, that such registration statement, if filed, will be declared effective or, if declared effective, that the Company will be able to keep it effective until the undersigned sells the Note(s) registered thereon.

(xviii) The undersigned understands that this Agreement is subject to the Company's acceptance and may be rejected by the Company at any time in its sole discretion in whole or any part

prior to issuance of the Note(s) with respect to the undersigned's subscription, notwithstanding prior receipt by the undersigned of notice of acceptance of the undersigned's subscription. The Company reserves the right to withdraw the Offering at any time.

(xix) The undersigned acknowledges that this Agreement shall become binding upon the undersigned when it is countersigned by the Company and the undersigned is not entitled to cancel, terminate, or revoke this subscription before or after acceptance by the Company, except as otherwise provided in this Agreement.

(xx) All information provided by the undersigned in the Investor Questionnaire and Investor Representative Questionnaire (if applicable) which accompanies this Agreement is true and accurate in all respects, and the undersigned acknowledges that the Company will be relying on such information to its possible detriment in deciding whether the Company can make these Note(s) to the undersigned without giving rise to the loss of an exemption from registration under the applicable securities laws.

**9. Foreign Person.** If the undersigned has indicated on the signature page of this Agreement that he, she or it is a foreign person, he, she, or it agrees to notify the Company in writing within sixty (60) days of becoming a nonresident alien, foreign corporation, foreign partnership, foreign trust, foreign estate, or other foreign entity, as the case may be.

**10. Indemnity.** The undersigned agrees to indemnify and hold harmless the Company, its managers, members, agents, attorneys and affiliates and each other person, if any, who controls any thereof, within the meaning of Section 15 of the Act, against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the undersigned to comply with any covenant or agreement made by the undersigned herein or in this Agreement or in any other document furnished by the undersigned to any of the foregoing in connection with this transaction.

**11. Notice.** All notices in connection with this Agreement shall be in writing and personally delivered or delivered via overnight mail, with written receipt therefore, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 11) with a copy, in the case of notice to the Company, to Tri-Core Companies LLC, at 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.



**12. Miscellaneous.**

(a) This Agreement is not assignable by the undersigned. This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) This Agreement shall be deemed to have been made in the State of Arizona and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in State of Arizona. The parties hereto hereby consent to personal jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Agreement.

(c) This Agreement contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver, or amendment of any of the provisions of this Agreement shall be effective unless in writing and signed by both parties to this Agreement.

(d) No waiver of any breach of any terms of this Agreement shall be effective unless made in writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall be construed as a waiver of any subsequent breach of that term or of any other term of the same or different nature.

(e) If any provision or portion of this Agreement or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Agreement.

(f) Each of the parties hereto shall cooperate and take such actions, and execute such other documents, at the execution hereof or subsequently, as may be reasonably requested by the other in order to carry out the provisions and purposes of this Agreement.

IN WITNESS WHEREOF, the undersigned, by his, her, or its execution hereof, has read and approved this Subscription Agreement and agrees to be bound by this Agreement.

Executed this 29<sup>th</sup> day of July, 2010, at Las Vegas  
(City), Nevada (State).

If the Investor is an INDIVIDUAL, complete the following:

The undersigned (circle one): ☒ [is] ☐ [is not] a citizen or resident of the United States.

\_\_\_\_\_  
Print Name of Individual

\_\_\_\_\_  
Print Name of Spouse / Co-Investor  
(If Funds are to be Invested in Joint Name  
or are Community Property)

\_\_\_\_\_  
Print Social Security Number of Individual

\_\_\_\_\_  
Print Social Security Number of Spouse  
or Co-Investor  
(If Funds are to be Invested in Joint Name  
or are Community Property)

\_\_\_\_\_  
Signature of Individual

\_\_\_\_\_  
Signature of Spouse / Co-Investor  
(If Funds are to be Invested in Joint Name  
or are Community Property)

\_\_\_\_\_  
Print Residential Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Print Residential Telephone Number:  
\_\_\_\_\_

  
↓  
If the investor is PARTNERSHIP CORPORATION, TRUST OR OTHER ENTITY,  
complete the following:

The undersigned (circle one) [is] [is not] a foreign partnership, foreign corporation,  
trust or foreign estate (as defined in the Internal Revenue Code of 1986, as amended,  
and the treasury regulations promulgated there under).

Entrust Arizona LLC FBO Stephanie Costello  
Entrust Account # 4104

Print Name of Partnership, Corporation,  
Trust, or Other Business Entity

  
Signature of Authorized Representative

Stephanie Costello

Print Name of Authorized Representative

  
Print Federal Tax Identification Number

Maricopa County, Arizona  
Print Jurisdiction of Entity

Account Holder

Print Title of Authorized Representative

Print Residential Address of Investor:

  
 NV 

Print Residential Telephone Number:



ACCEPTANCE

The terms of the foregoing, including the subscription described therein, are agreed to  
and accepted on this 27<sup>th</sup> day of July, 2010.

TRI-CORE COMPANIES LLC

By: 

Jason Todd Mogler - President

By: 

Jim Hinkeldey - Vice-President

**EXHIBIT 1  
INVESTOR STATUS**

*(Please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity).*

AC  
initials

- A. **"Nonaccredited Investor"**. The undersigned does not meet the definition of an "Accredited Investor" as defined herein below;

initials

- B. **"Accredited Investor"**. The undersigned is an Accredited Investor as defined below (check applicable box):

☐ 1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds One Million (\$1,000,000) Dollars;

☐ 2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of Three Hundred Thousand (\$300,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;

☐ 3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U. S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

☐ 4. Any private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940);

☐5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;

☐6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

☐7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

☐8.\* Any entity in which all of the equity owners are Accredited Investors.

**NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.**

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\* If this box is checked, please indicate on a separate schedule to be attached hereto, the category of Accredited Investor in which each equity owner of such entity is included.

**EXHIBIT B**  
**PROMISSORY NOTE**

B1

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## EXHIBIT B

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### PROMISSORY NOTE

THIS NOTE HAS BEEN MADE FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO OR FOR SALE IN CONNECTION WITH THE DISTRIBUTION THEREOF AND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THIS NOTE MAY NOT BE SOLD, TRANSFERRED, OR ASSIGNED ("TRANSFER") UNLESS IT IS SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE AND THE MAKER CONSENTS IN WRITING TO SUCH TRANSFER.

Tri-Core Companies LLC, an Arizona Limited Liability Company, with offices at 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250 (the "Maker"), for value received, promises to pay to the Individual and/or legal entity designated in this Note as the "HOLDER," the principal sum of **75,000.00 Dollars** with a rate of return of forty percent (40%) compounded annually. Interest shall be due and payable at maturity and based on the commencement date of the Note. The entire Principal shall be due and payable to the Holder no later than twenty-four (24) months from the Commencement Date. The principal and any interest due on said principal may be prepaid at the sole discretion of the Company, without a prepayment penalty or premium at any time. The Company reserves the right to extend the maturity for an additional twelve (12) months at the annual rate of return of forty (40%) percent if for reasons beyond the Company's control the abovementioned maturity date cannot be met. If the Company elects this option, the maturity date would be extended up to an additional twelve (12) months from the above noted maturity date.

#### 1. NOTES

This Note in the principal amount of Ten (\$10,000) Dollars per Note, or any fractional amounts, is offered for sale by the Maker, pursuant to that certain "Private Placement Memorandum" dated June 1, 2010. The Note shall be senior debt of the Maker and secured by the property.

#### 2. EVENTS OF DEFAULT

A default shall be defined as one or more of the following events ("Event of Default") occurring and continuing:

- (a) The Maker shall fail to pay any interest payment on this Note when due for a period of thirty (30) days after notice of such default has been sent by the Holder to the Maker.
- (b) The Maker shall dissolve or terminate the existence of the Maker.

(c) The Maker shall file a petition in bankruptcy, make an assignment for the benefit of its creditors, or consent to or acquiesce in the appointment of a receiver for all or substantially all of its property, or a petition for the appointment of a receiver shall be filed against the Maker and remain unstayed for at least ninety (90) days.

Upon the occurrence of an Event of Default, the Holder of this Note may, by written notice to the Maker, declare the unpaid principal amount and all accrued interest of the Note immediately due and payable.

**3. SECURITY FOR PAYMENT OF THE NOTE(S)**

The Note(s) offered by the MAKER for this offering will be secured by the land purchased.

**4. COMMENCEMENT DATE OF THE NOTE**

The Commencement Date of the Note shall be the "Effective Date," as defined in that certain "Subscription Agreement" attached as Exhibit A to the Private Placement Memorandum.

**5. STATUS OF HOLDER**

The Maker may treat the Holder of this Note as the absolute owner of this Note for the purpose of making payments of principal or interest and for all other purposes, and shall not be affected by any notice to the contrary, unless the Maker so consents in writing.

**6. SECURITIES ACT RESTRICTIONS**

This Note has not been registered for sale under the Act. This Note may not be sold, offered for sale, pledged, assigned or otherwise disposed of, unless certain conditions are satisfied, as more fully set forth in the Subscription Agreement.

**7. ATTORNEYS' FEES**

The prevailing party in an action to enforce this Note shall be entitled to reasonable attorneys' fees, costs, and collection expense.

**8. MISCELLANEOUS.**

(a) **Successors and Assigns.** The Holder may not assign, transfer, or sell this Note to any party without the express written consent of the Maker. This Note shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) **Entire Agreement.** This Note contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied,



except as specifically set forth herein. No modification, waiver, or amendment of any of the provisions of this Note shall be effective unless in writing and signed by both parties to this Note.

(c) **Notices.** All notices in connection with this Note shall be in writing and personally delivered or delivered via overnight mail, with written receipt thereof, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 8) with a copy to Tri-Core Companies LLC, 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

(d) **Section Headings.** The headings of the various sections of the Note have been inserted as a matter of convenience for reference only and shall be of no legal effect.

(e) **Severability.** If any provision or portion of this Note or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Note.

(f) **Applicable Law.** This Note shall be deemed to have been made in the State of Arizona, and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in the State of Arizona. The parties hereto hereby consent to personal jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Note.

(g) **Approval.** By signing below, each party respectively acknowledges that they have read and approved this promissory note.

**Maker:**

**Tri-Core Companies LLC,**  
An Arizona Company  
8800 E. Chaparral Road - Suite 270  
Scottsdale, AZ 85250

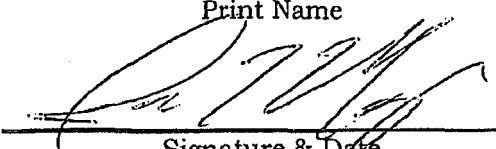
**Holder:**

**Entrust Arizona LLC FBO Stephanie  
Costello. Entrust Account #4104**

**N.Y.**

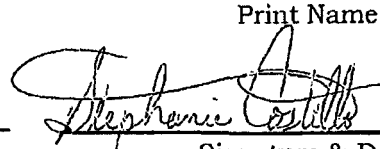
Jason T. Mogler

Print Name

  
Signature & Date

Stephanie Costello

Print Name

 7-29-16  
Signature & Date

B4

TRI\_C 004386

**EXHIBIT C**  
**INVESTOR SUITABILITY QUESTIONNAIRE**

C1

**EXHIBIT C**

**Tri-Core Companies LLC**

**Investor Suitability Questionnaire**

To: Prospective purchasers of Promissory Notes (the "Notes") offered by Tri-Core Companies LLC (the "Company").

The Purpose of this Questionnaire is to solicit certain information regarding your financial status to determine whether you are an "Accredited Investor," as defined under applicable federal and state securities laws, and otherwise meet the suitability criteria established by the Company for purchasing Notes. ***This questionnaire is not an offer to sell securities.***

Your answers will be kept as confidential as possible. You agree, however, that this Questionnaire may be shown to such persons as the Company deems appropriate to determine your eligibility as an Accredited Investor or to ascertain your general suitability for investing in the Notes.

***Please answer all questions completely and execute the signature page***

**A. Personal**

1. Full Name: STEPHANIE COSTELLO (MIDDLE: ANN)

2. Address of Principal Residence: [REDACTED]

[REDACTED] NV [REDACTED]

County: [REDACTED]

3. Residential Telephone Number [REDACTED]

4. Where are you registered to vote (County & State)? [REDACTED] NEVADA

5. Your driver's license is issued by the following state: NEVADA

6. Other Residences or Contacts: *Please identify any other state where you own a residence, are registered to vote, pay income taxes, hold a driver's license, or have any other contacts, and describe your connection with such state:*

N/A

7. Please send all correspondence to:

(1) ☒ Residential Address [as set forth in item A-2]

(2) ☐ Business Address [as set forth in item B-1(a)]

8. Date of Birth: [REDACTED]

9. Country of Citizenship: U.S.A.

10. Social Security Number or Tax I.D. Number: SS # [REDACTED]

11. E-Mail Address: flyingssteph@ [REDACTED]

### B. Occupations and Income

1. Occupation: ENTREPRENEUR - OWNER of ENTERTAINMENT PRODUCTION CO. & REAL ESTATE AG.

(a) Business Address: [REDACTED]

[REDACTED] NV [REDACTED]

(b) Business Telephone Number: [REDACTED]

2. Gross income during each of the last two years exceeded:

(1) ☒ \$25,000 (3) ☐ \$50,000

(2) ☐ \$100,000 (4) ☐ \$200,000

3. Joint gross income with spouse during each of the last two years exceeded \$300,000.

(1) ☐ Yes (2) ☐ No (3) ☒ Not Applicable

4. Estimated gross income during current year exceeds:

(1) ☐ \$25,000 (3) ☒ \$50,000

(2) ☐ \$100,000 (4) ☐ \$200,000

5. Estimated joint gross income with spouse during current year exceeds \$300,000.

(1) ☐ Yes (2) ☐ No (3) ☒ Not Applicable

### C. Net Worth

1. Current net worth or joint net worth with spouse (note that "net worth" includes all of the assets owned by you and your spouse in excess of total liabilities, including the fair market value, less any mortgage, of your principal residence.)

(1) ☒ \$50,000-\$100,000 (2) ☐ \$100,000-\$250,000 (3) ☐ \$250,000-\$500,000

(4) \_\_\_\_\_ \$500,000-\$750,000

(5) \_\_\_\_\_ \$750,000-\$1,000,000

(6) \_\_\_\_\_ over \$1,000,000

2. Current value of liquid assets (cash, freely marketable securities, cash surrender value of life insurance policies, and other items easily convertible into cash) is sufficient to provide for current needs and possible personal contingencies:

(1) ☒ Yes

(2) \_\_\_\_\_ No

**D. Affiliation with the Company**

Are you a director or executive officer of the Company?

(1) \_\_\_\_\_ Yes

(2) ☒ No

**E. Investment Percentage of Net Worth**

If you expect to invest at least \$100,000 in Notes, does your total purchase price exceed 10% of your net worth at the time of sale, or joint net worth with your spouse?

(1) \_\_\_\_\_ Yes

(2) \_\_\_\_\_ No

(3) ☒ Not Applicable

**F. Consistent Investment Strategy**

Is this investment consistent with your overall investment strategy?

(1) ☒ Yes

(2) \_\_\_\_\_ No

**G. Prospective Investor's Representations**

The information contained in this Questionnaire is true and complete, and the undersigned understands that the Company and its counsel will rely on such information for the purpose of complying with all applicable securities laws as discussed above. The undersigned agrees to notify the Company promptly of any change in the foregoing information which may occur prior to any purchase by the undersigned of securities from the Company.

Prospective Investor(s):

Stephanie Costello  
Signature

Date: July 29, 2010

Signature

(of spouse or co-investor, if purchase is to be made as joint tenants or as tenants in common)

Date: \_\_\_\_\_

**EXHIBIT D**  
**TRI-CORE COMPANIES LLC**  
**BUSINESS PLAN**

D1

## **EXHIBIT D**

### **TRI-CORE COMPANIES LLC BUSINESS PLAN**

#### **Mission Statement**

The mission of Tri-Core Companies LLC (the Company) is to purchase virgin beachfront land on the Gulf of California (Sea of Cortez), Sonora, Mexico for either resale or for development.

The specific location the Company has concentrated on is between El Golfo de Santa Clara on the north and Puerto Peñasco (Rocky Point) on the south. This is a distance of about 80 miles and was chosen because of the access the new Coastal Highway has afforded this area. Prior to the new highway, this area was inaccessible except by rugged four-wheel-drive vehicles. The highway now makes this area accessible by automobile for millions of visitors and buyers from the United States.

The Company believes that there will be a major increase in demand for property in this area with the completion of the new coastal highway.

#### **Business Operations**

##### **Ownership and Employees:**

The Company is intended to be a very competitive, highly motivated company with a small number of select key employees. The majority of the day to day responsibilities, planning and development tasks will be performed by the principal/managing partners. All other tasks that cannot be performed on behalf of the company by principals or employees will be done by hired contract services. An example of a hired contract service would be accounting.

##### **Jason Todd Mogler - President and Principal**

Mr. Mogler is a principal partner in Tri-Core Companies LLC, Tri-Core Business Development LLC, Tri-Core Business Development 2 LLC, and Tri-Core Lending, Inc., as well as the President of MyCreditStore dba LenderSquare, Inc. which has been a profitable business since 1997.

Mr. Mogler has an impressive academic resume at Arizona State University where he holds a Bachelor of Science degree with a major in marketing and a minor in psychology. His master studies with Thunderbird American Graduate School of International Management give him an international understanding of business strategies and marketing position. His practical work experience as the Director of Construction Lending for the Royal Bank of Canada gives him thorough knowledge of construction lending and banking operations.

Mr. Mogler has a very long reputation for honest business practices and fair dealings with all people both personally and professionally.

**Vince Gibbons – Vice-President, Principal, and Director of Development & Engineering**

Mr. Gibbons has over 22 years of civil engineering experience domestically and internationally. His expertise encompasses due diligence, master planning, feasibility studies, design and contract document preparation for private development, commercial, water, transportation, airport, flood control, storm drain, and sewer projects. Additional professional skills include total project management, design build, construction management, shop drawing review, inspection, cost estimates, and budget and schedule control. Mr. Gibbons is proficient in managing multi-disciplined teams and large projects for private developers and public agencies, as well as smaller more detailed oriented projects. He has earned a reputation for being quality conscious, and for "going the extra mile" to complete projects on time and within budget. He has worked on a wide variety of projects in the states of Arizona, Utah, Colorado, Nevada, and New Mexico, and in the countries of Panama and Mexico, and is very familiar with the requirements and criteria of each associated governing entity. This broad experience has provided him with an extensive base of knowledge that allows him to develop innovative and cost effective solutions for a myriad of situations.

Mr. Gibbons has owned and operated Tri-Core Engineering for over 9 years. Tri-Core Engineering currently has offices in Arizona, Colorado, and Nevada and is registered in Panama. With a staff of highly qualified and diversified individuals and professionals, Tri-Core Engineering has the ability to offer its clients a wide range of services and expertise. Mr. Gibbons functions as owner, president, and project manager of various endeavors. He and his staff are committed to ensuring that every project is completed to the highest level of accuracy and completeness, and that each client is provided with the individual attention and service they require.

Tri-Core Engineering's expertise encompasses:

- Agency coordination & Negotiations
- Assurance/Quality Control
- Budget & Schedule Control
- Contractor bidding and negotiations
- Construction oversight & management
- Coordination of sub-consultants
- Drainage plans
- Major Roadway design
- Master plan document creation
- Preliminary lot layout
- Final plat design
- Pro-forma cost estimates



Tri-Core Engineering is known nationally and internationally for their civil engineering expertise, as well as their diversity of work on master planned communities. Samplings of their national and international projects include the following:

- **El Rio Country Club - Mohave County, Arizona.**

Tri-Core Engineering was the engineering firm of record for this 640-acre master-planned residential golf community in Mohave County, Arizona. This community consists of an 18-hole championship golf course, gated entrances, commercial areas, restaurants, spacious clubhouse facilities, and community swimming pools and spas.

- **Eagle View Subdivision - Kingman, Arizona.**

Tri-Core Engineering was the engineering firm of record for this 113-acre master-planned residential community in Kingman, Arizona.

- **Villages at Loreto Bay, Master Planned Development - Loreto, Mexico.**

Tri-Core Engineering was the engineering firm of record for this 10,000-acre development. This project is in the construction stage, with over \$300 million in sales.

- **Colonias de Cardenas, Master Planned Community - Panama City, Panama.**

Tri-Core Engineering was the engineering firm for the Panama Railroad Company for their Colonias de Cardenas development, a 2,500-acre Master Planned Community. The project is currently at the permit stage.

- **Punta Delfin, Enchantment of México - Sea of Cortez, Sonora, México.**

Mr. Gibbons is both a partner and the engineer of record responsible for the engineering aspect of this development. He is also involved in all aspects of the development process for this high-end master planned community. This community consists of a 790-acre seaside residential golf development and marina, as well as a five-star resort hotel. This project is in the permit stage.

#### **Jim Hinkeldey - Vice-President and Principal**

Jim Hinkeldey possesses thirty-five years of banking and financial experience including portfolio management, joint venture management, and all aspects of the mortgage banking profession for select regional New York banks.

Mr. Hinkeldey headed the Joint Venture division at Richmond Hill Savings Bank in New York. He was responsible for land acquisition through project conclusion which

included the delivery of completed developments in a timely and cost efficient, profitable manner.

Mr. Hinkeldey also managed a mortgaged backed portfolio. He successfully rearranged the structure of the portfolio to meet asset/liability re-pricing demands. His concept creation resulted in a portfolio that meet re-pricing sensitivity models while delivering positive bottom line results.

Mr. Hinkeldey's business philosophy is based on total enterprise engagement, accountability, and the deliverability of profitable projects. Mr. Hinkeldey's philosophy is that the client and his investment or requirements come first and are paramount to each success.

The management team may be further developed and expanded with qualified and experienced executives, professionals and consultants, as the Company matures and grows.

The management team may be further developed and expanded with qualified and experienced executives, professionals and consultants, as the Company matures and grows.

#### **Market Knowledge and the Property Knowledge of the Marketplace:**

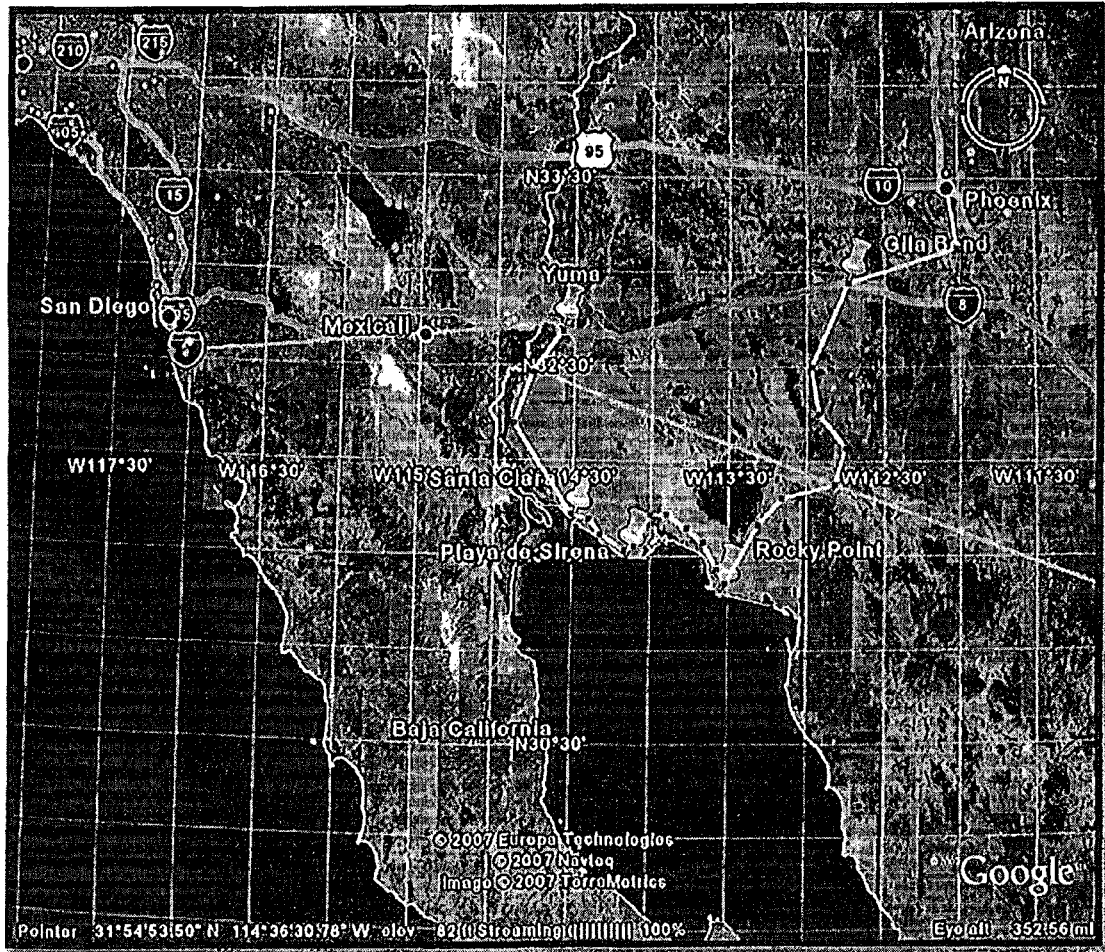
The Principals of the Company have been active in real estate and Mexico for several years and consider the El Golfo/Rocky Point market one of the (if not the most) active markets in all of Mexico for development and potential upside investment.

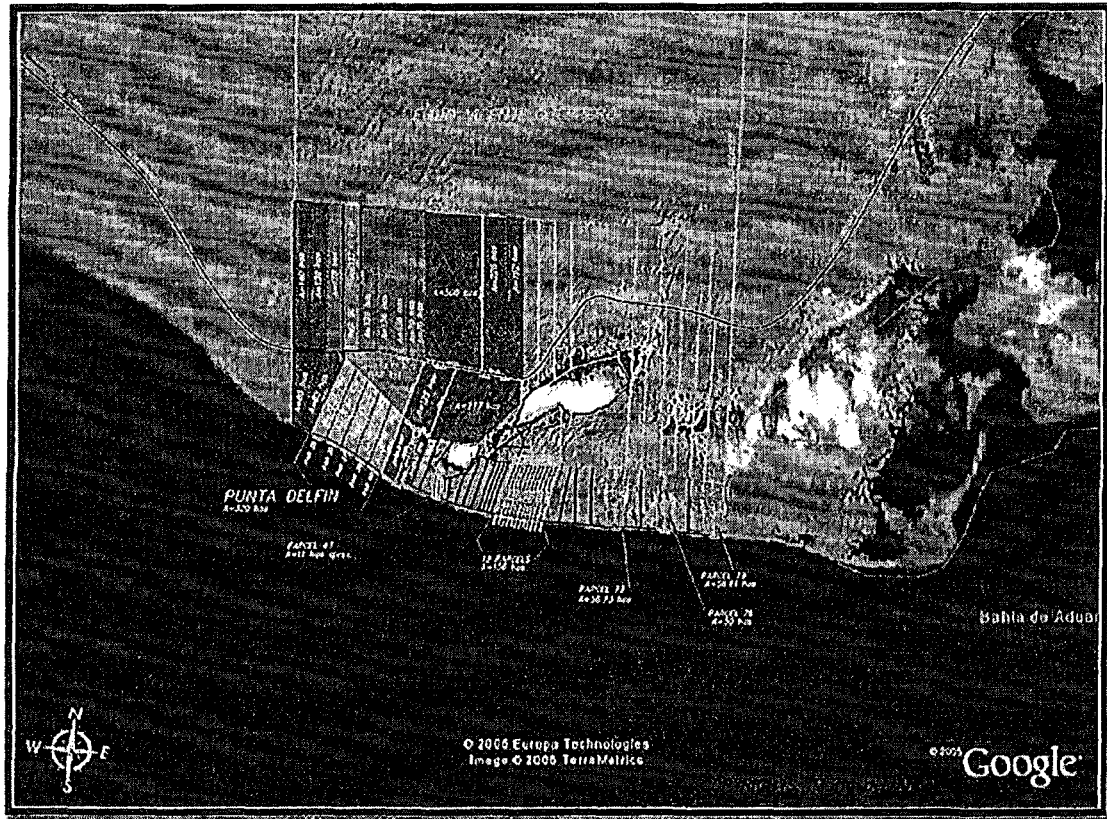
The El Golfo/Rocky Point area was chosen for the Company's purchases due to its potential appreciation. Some of the driving factors that influenced this decision were:

- Its close proximity to the United States markets (one hour drive from the Border of US/Mexico)
- Its location on a beautiful, pristine, major body of water
- The quality of the sand beaches
- The scenic mountain views of the Baja Peninsula
- The opening of the area by new Coastal Highway from the US/Mexico border 300 miles to the south along the coast of the Sea of Cortez to Guaymas, Mexico, a major seaport

- The new \$50 million dollar international airport at Rocky Point accommodates all types of passenger planes
- The newly constructed Hospital of Peñasco will serve the El Golfo/Rocky Point areas
- The newly designated cruise ship port in Rocky Point

The Mexican and Sonoran Governments are dedicated to promoting the area as a major destination for both Americans and Canadians. This is evidenced by the millions of dollars of infrastructure being put in place by the United States and Mexican Governments. A prime example of this dedication is the Coastal Highway. This three hundred mile highway is being built and will connect the port city of Guaymas in Mexico with the US/Mexico border at San Luis Rio Colorado, south of Yuma, Arizona. This will make the whole area much more accessible for millions of Americans in Southern California, Arizona, and Nevada for weekends and vacations, as well as for longer stays by visitors from all across the United States and Canada.





#### **El Golfo / Rocky Point – General Economic and Area Information:**

The Colorado River forms the state line between Arizona, California, and Nevada, and continues southerly to the Sea of Cortez. Along its entire length, it is a major recreation / boating area for Arizona, Nevada, and Southern California in the spring and summer, as well as a perfect destination for “Snowbirds” in the winter – creating a year-round demand for the entire area.

Historically, neighboring Rocky Point has been a major recreational area for Phoenix and Tucson, Arizona. The drive time to Rocky Point has been about four-plus hours from Phoenix, making it a very easy weekend vacation spot. There have been many new high and mid-rise condominium units built in the Sandy Beach neighborhood of Rocky Point within the past few years. These are well-designed and constructed

developments with many beachfront amenities. These units have generally sold for \$300,000 to over \$1,500,000, primarily to U.S. residents.

El Golfo is about 35 miles east of Rocky Point. The El Golfo area is near the northern end of the Sea of Cortez and is well protected from adverse weather. Consequently, the waters are generally calm. El Golfo is a picturesque fishing village with long, wide, sandy beaches. The fishermen launch their boats from the sandy beaches directly to the water. There is at present one paved road that ends at El Golfo.

The new Coastal Highway makes the drive between El Golfo and Rocky Point approximately 45 minutes. Accordingly, this whole area between Rocky Point and El Golfo is poised to undergo extensive real estate development. In anticipation of this future growth, a new major border crossing facility has been completed for San Luis to help relieve congestion at the present in-town facility.

For the first time, large U.S. markets from California, Nevada, and Western Arizona will be within a reasonable driving distance. As an example, the Southern California market will have its driving time reduced from approximately seven hours to just around four hours. There are many resort areas of Mexico with extensive development taking place, however, there are only limited areas on the calm waters of the Sea of Cortez that have good driving access from the United States.

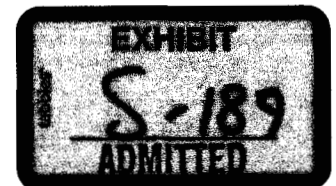
The new highway is the driving force that has dramatically changed access to this area. It is the Company's belief that since prime oceanfront land in this area's acreage is limited, the demand for this property will be strong. This belief is further strengthened by its aggressive promotion of Relaxante to the new markets of California, Nevada, and Western Arizona.



# CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

PLEASE RETURN ONE COPY OF THIS  
DOCUMENT TO US IN THE PROVIDED  
RETURN PACKAGING.

PLEASE KEEP ONE COPY OF THIS  
DOCUMENT FOR YOUR PERSONAL  
RECORDS.





Memorandum#: \_\_\_\_\_

Referral: \_\_\_\_\_

**CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM**

**Tri-Core Companies LLC**  
**An Arizona Limited Liability Company**

**\$10,000,000**

**\$50,000 per Promissory Note (Unit)**

**MINIMUM PURCHASE - 1 Promissory Note**

**60% Rate of Return, Compounded Annually, Paid At Maturity**

**Maturity Date: 24 months**

**Redemption at Maturity - \$128,000 per Unit**

Tri-Core Companies LLC, an Arizona Limited Liability Company (hereinafter referred to as the "COMPANY"), is offering by means of this Confidential Private Placement Memorandum a maximum of Two Hundred (200) Secured Promissory Notes ("Notes") at an offering price of Fifty Thousand (\$50,000) Dollars per Note, for a maximum total of Ten Million Dollars (\$10,000,000), to qualified investors who meet the Investor Suitability Requirements set forth herein (see "INVESTOR SUITABILITY REQUIREMENTS"). Each Investor must agree to purchase the Notes, as a lender to the Company, for investment purposes only, and execute a Subscription Agreement in the form contained in the accompanying Subscription Booklet (see "TERMS OF THE OFFERING").

**THESE SECURITIES ARE SPECULATIVE AND INVESTMENT  
IN THE NOTES INVOLVES A HIGH DEGREE OF RISK  
(SEE "RISK FACTORS")**

	<b>Offering Price</b>	<b>Selling Commissions</b>	<b>Proceeds to Company</b>
<b>Per Unit</b>	\$50,000	\$5,000	\$45,000
<b>Maximum Units</b>	\$10,000,000	\$1,000,000	\$9,000,000

**Tri-Core Companies LLC**  
8800 E. Chaparral Road, Suite 270  
Scottsdale, AZ 85250  
Telephone: (480) 278-7031  
Facsimile: (480) 278-8979

The date of this Private Placement Memorandum is June 1, 2010

Tri-Core Companies LLC

(480) 278-7031

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FILE #8337



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## IMPORTANT NOTICES

This Confidential Private Placement Offering Memorandum ("Memorandum") is submitted to you on a confidential basis solely for the purpose of evaluating the specific transaction described herein. This information shall not be photocopied, reproduced, or distributed to others without the prior written consent of Tri-Core Companies LLC ("Company"). If the recipient determines not to purchase any of the Notes offered hereby, it will promptly return all material received in connection herewith without retaining any copies.

## DISCLAIMERS

THE NOTES OFFERED HEREBY IN THIS OFFERING MEMORANDUM HAVE NOT BEEN REGISTERED WITH, OR APPROVED, BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, NOR HAVE SUCH NOTES OR THIS MEMORANDUM BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL OF ANY STATE OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE. THIS OFFERING IS BASED ON THE EXEMPTION FROM SUCH REGISTRATION AS SET FORTH IN §4(2) AND RULE 506 OF REGULATION D OF THE SECURITIES ACT OF 1933, AS AMENDED.

THE INVESTMENT DESCRIBED IN THIS MEMORANDUM INVOLVES RISKS, AND IS OFFERED ONLY TO INDIVIDUALS WHO CAN AFFORD TO ASSUME SUCH RISK FOR AN INDEFINITE PERIOD OF TIME AND WHO AGREE TO PURCHASE THE NOTES ONLY FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TOWARD THE TRANSFER, RESALE, EXCHANGE OR FURTHER DISTRIBUTION THEREOF. THERE WILL BE NO PUBLIC MARKET FOR THE NOTES ISSUED PURSUANT TO THIS OFFERING MEMORANDUM. THE RESALE OF THE NOTES IS LIMITED BY FEDERAL AND STATE SECURITIES LAWS AND IT IS THEREFORE RECOMMENDED THAT EACH POTENTIAL INVESTOR SEEK COUNSEL SHOULD THEY DESIRE MORE INFORMATION.

THE PRICE OF THE NOTES AS DESCRIBED IN THIS OFFERING MEMORANDUM HAS BEEN ARBITRARILY DETERMINED BY THE SPONSORS OF THIS INVESTMENT AND EACH PROSPECTIVE INVESTOR SHOULD MAKE AN INDEPENDENT EVALUATION OF THE FAIRNESS OF SUCH PRICE UNDER ALL THE CIRCUMSTANCES AS DESCRIBED IN THE ATTACHED OFFERING MEMORANDUM.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION IN CONNECTION WITH THIS MEMORANDUM, EXCEPT SUCH INFORMATION AS IS CONTAINED OR REFERENCED IN THIS MEMORANDUM. ONLY INFORMATION OR REPRESENTATIONS CONTAINED OR REFERENCED HEREIN MAY BE RELIED UPON AS HAVING BEEN MADE BY THE COMPANY. PROSPECTIVE INVESTORS WHO HAVE QUESTIONS CONCERNING THE TERMS AND CONDITIONS OF THIS PRIVATE OFFERING MEMORANDUM OR WHO DESIRE ADDITIONAL INFORMATION OR DOCUMENTATION TO VERIFY THE INFORMATION CONTAINED HEREIN SHOULD CONTACT THE COMPANY. PROJECTIONS OR FORECASTS CONTAINED IN THIS PRIVATE OFFERING MEMORANDUM, OR OTHER MATERIALS, MUST BE VIEWED ONLY AS ESTIMATES. ALTHOUGH ANY PROJECTIONS CONTAINED IN THIS MEMORANDUM ARE BASED UPON ASSUMPTIONS WHICH THE COMPANY BELIEVES TO BE REASONABLE, THE ACTUAL PERFORMANCE OF THE COMPANY MAY DEPEND UPON FACTORS BEYOND THE CONTROL OF THE COMPANY. NO ASSURANCE CAN BE GIVEN THAT THE COMPANY'S ACTUAL PERFORMANCE WILL MATCH ITS INTENDED RESULTS.

## 1. SUMMARY OF THE OFFERING

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY MORE DETAILED INFORMATION THAT MAY APPEAR ELSEWHERE IN THIS PRIVATE PLACEMENT MEMORANDUM. EACH PROSPECTIVE INVESTOR IS URGED TO READ THIS PRIVATE OFFERING MEMORANDUM IN ITS ENTIRETY.

Tri-Core Companies LLC (the "Company") was formed on August 29, 2007 as an Arizona Limited Liability Company. The Company is in the business of Land Acquisition and Development.

The Securities offered are Two Hundred (200) Notes issued by the Company at Fifty Thousand (\$50,000) Dollars per Note, payable in cash at the time of subscription (see "Exhibit B" for copy of Promissory Note). The minimum purchase is one (1) Note. The Notes have an annual rate of return of sixty (60%) percent interest, compounded annually. The return will be paid at maturity, with a maturity date of twenty-four (24) months from the Commencement Date of each Note. The Company reserves the right to extend the maturity for an additional twelve (12) months at the annual rate of return of sixty (60%) percent if for reasons beyond the Company's control the abovementioned maturity date cannot be met. If the Company elects this option, the maturity date would be extended up to an additional twelve (12) months from the above noted maturity date.

None of the Notes are convertible to Membership Units, or other type of equity, in the Company. This offering will commence on June 1, 2010, and will terminate no later than May 31, 2011, unless extended by the Company (see "TERMS OF THE OFFERING").

The gross proceeds of the offering will be a maximum of Ten Million (\$10,000,000) Dollars. The use of the proceeds is to purchase and hold for appreciation parcels of land along the Sonoran Coast of Mexico.

## 2. THE COMPANY

Tri-Core Companies LLC (the "Company") was formed on August 29, 2007, as an Arizona Limited Liability Company. At the date of this offering, One Thousand (1,000) of the Company's Membership Units were authorized and Nine Hundred (900) Membership Units are issued, and outstanding. The Company is in the business of construction management, land acquisition and development.

### 2.1 OPERATIONS

The Company is in the business of construction management, land acquisition and development, specializing in beach front properties along the coast of the upper Sonoran coastline in Sonora, Mexico. SEE "EXHIBIT D - BUSINESS PLAN."

## **2.2 BUSINESS PLAN**

Tri-Core Companies Business Plan, included as Exhibit D of this Memorandum, and was prepared by the Company using assumptions set forth in the Business Plan, including several forward looking statements. Each prospective investor should carefully review the Business Plan before purchasing Notes. Management makes no representations as to the accuracy or achievability of the underlying assumptions and projected results contained herein.

## **3. MANAGEMENT**

### **3.1 LLC MANAGERS**

The success of the company is dependent upon the services and expertise of existing management. At the present time, three individuals are actively involved in the management of the Company.

#### **Jason Todd Mogler - President and Principal**

Mr. Mogler is a principal partner in Tri-Core Companies LLC, Tri-Core Business Development LLC, Tri-Core Business Development 2 LLC, and Tri-Core Lending, Inc., as well as the President of MyCreditStore dba LenderSquare, Inc. which has been a profitable business since 1997.

Mr. Mogler has an impressive academic resume at Arizona State University where he holds a Bachelor of Science degree with a major in marketing and a minor in psychology. His master studies with Thunderbird American Graduate School of International Management give him an international understanding of business strategies and marketing position. His practical work experience as the Director of Construction Lending for the Royal Bank of Canada gives him thorough knowledge of construction lending and banking operations.

Mr. Mogler has a very long reputation for honest business practices and fair dealings with all people both personally and professionally.

#### **Vince Gibbons - Vice-President, Principal, and Director of Development & Engineering**

Mr. Gibbons has over 22 years of civil engineering experience domestically and internationally. His expertise encompasses due diligence, master planning, feasibility studies, design and contract document preparation for private development, commercial, water, transportation, airport, flood control, storm drain, and sewer projects. Additional professional skills include total project management, design build, construction management, shop drawing review, inspection, cost estimates, and budget and schedule control. Mr. Gibbons is proficient in managing multi-disciplined teams and large projects for private developers and public agencies, as well as smaller more detailed oriented

projects. He has earned a reputation for being quality conscious, and for "going the extra mile" to complete projects on time and within budget. He has worked on a wide variety of projects in the states of Arizona, Utah, Colorado, Nevada, and New Mexico, and in the countries of Panama and Mexico, and is very familiar with the requirements and criteria of each associated governing entity. This broad experience has provided him with an extensive base of knowledge that allows him to develop innovative and cost effective solutions for a myriad of situations.

Mr. Gibbons has owned and operated Tri-Core Engineering for over 9 years. Tri-Core Engineering currently has offices in Arizona, Colorado, and Nevada and is registered in Panama. With a staff of highly qualified and diversified individuals and professionals, Tri-Core Engineering has the ability to offer its clients a wide range of services and expertise. Mr. Gibbons functions as owner, president, and project manager of various endeavors. He and his staff are committed to ensuring that every project is completed to the highest level of accuracy and completeness, and that each client is provided with the individual attention and service they require.

Tri-Core Engineering's expertise encompasses:

- Agency coordination & Negotiations
- Assurance/Quality Control
- Budget & Schedule Control
- Contractor bidding and negotiations
- Construction oversight & management
- Coordination of sub-consultants
- Design layout
- Drainage plans
- Major Roadway design
- Master plan document creation
- Preliminary lot layout and final plat design
- Preliminary cost estimates

Tri-Core Engineering is known nationally and internationally for their civil engineering expertise, as well as their diversity of work on master planned communities. Samplings of their national and international projects include the following:

- **El Rio Country Club - Mohave County, Arizona.**

Tri-Core Engineering was the engineering firm of record for this 640-acre master-planned residential golf community in Mohave County, Arizona. This community consists of an 18-hole championship golf course, gated entrances, commercial areas, restaurants, spacious clubhouse facilities, and community swimming pools and spas.

- **Eagle View Subdivision - Kingman, Arizona.**

Tri-Core Engineering was the engineering firm of record for this 413-acre master-planned residential community in Kingman, Arizona.

- **Villages at Loreto Bay, Master Planned Development - Loreto, Mexico.**

Tri-Core Engineering was the engineering firm of record for this 10,000-acre development. This project is in the construction stage, with over \$300 million in sales.

- **Colonias de Cardenas, Master Planned Community - Panama City, Panama.**

Tri-Core Engineering was the engineering firm for the Panama Railroad Company for their Colonias de Cardenas development, a 2,500-acre Master Planned Community. The project is currently at the permit stage.

- **Punta Delfin, Enchantment of México - Sea of Cortez, Sonora, México.**

Mr. Gibbons is both a partner and the engineer of record responsible for the engineering aspect of this development. He is also involved in all aspects of the development process for this high-end master planned community. This community consists of a 790-acre seaside residential golf development and marina, as well as a five-star resort hotel. This project is in the permit stage.

#### **Jim Hinkeldey - Vice-President and Principal**

Jim Hinkeldey possesses thirty-five years of banking and financial experience including portfolio management, joint venture management, and all aspects of the mortgage banking profession for select regional New York banks.

Mr. Hinkeldey headed the Joint Venture division at Richmond Hill Savings Bank in New York. He was responsible for land acquisition through project conclusion which included the delivery of completed developments in a timely and cost efficient, profitable manner.

Mr. Hinkeldey also managed a mortgage backed portfolio. He successfully rearranged the structure of the portfolio to meet asset/liability re-pricing demands. His concept creation resulted in a portfolio that meet re-pricing sensitivity models while delivering positive bottom line results.

Mr. Hinkeldey's business philosophy is based on total enterprise engagement, accountability, and the deliverability of profitable projects. Mr. Hinkeldey's philosophy is that the client and his investment or requirements come first and are paramount to each success.

The management team may be further developed and expanded with qualified and experienced executives, professionals and consultants, as the Company matures and grows.

#### **4. TERMS OF THE OFFERING**

##### **4.1 GENERAL TERMS OF THE OFFERING**

This Private Offering Memorandum is offering a maximum of Two Hundred (200) Notes at Fifty Thousand (\$50,000) Dollars per Note, for a maximum of Ten Million (\$10,000,000) Dollars to a select group of Investors who satisfy the Investor Suitability Requirements (see "INVESTOR SUITABILITY REQUIREMENTS"). The Company has the authority to sell fractional Notes at its sole discretion.

##### **4.2 MINIMUM OFFERING AMOUNT**

No minimum offering amount has been established before proceeds can be released and utilized by the Company.

##### **4.3 NONTRANSFERABILITY OF NOTES**

The Notes have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), and are being offered in reliance upon an exemption under §4(2) and Rule 506 of Regulation D of the Securities Act, as amended, and rules and regulations thereunder. The Notes have not been registered under the securities laws of any state and will be offered pursuant to an exemption from registration in each state. A purchaser may transfer or dispose of the Note only if such Notes are subsequently registered under the Securities Act, or if an exemption from registration is available, and pursuant to an opinion of counsel acceptable to the Company and its counsel to the effect that the Notes may be transferred without violation of the registration requirements of the Securities Act or any other securities laws.



#### **4.4 CLOSING OF THE OFFERING**

The Notes are offered and closed only when a properly completed Subscription Agreement (**Exhibit A**); Note (**Exhibit B**), and Investor Questionnaire (**Exhibit C**) are submitted by the investing Subscriber or his/her Investor Representatives and are received and accepted by the Company. The Subscription Agreement as submitted by an investing Subscriber or his/her Investor Representatives shall be binding once the Company signs the Subscription Agreement, Note and the funds delivered by the potential Investor to the Company with the Subscription Agreement has been cleared by the financial institution in which they are deposited by the Company. The Notes will be delivered to qualified Investors upon acceptance of their subscriptions. All funds collected from investing Subscribers will be deposited in a designated account under the control of the Company. Investors subscribing to the Notes may not withdraw or revoke their subscriptions at any time prior to acceptance by the Company, except as provided by certain state laws, or if more than thirty (30) days have passed after receipt of the Subscription Agreement by the Company without the Company accepting the Investor's funds and delivering all applicable documents to such Investor. The proceeds of this Offering will be used only for the purpose set forth in this Private Offering Memorandum (see "**USE OF PROCEEDS**").

The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon receipt of the maximum offering subscription amount of Ten Million (\$10,000,000) Dollars.
2. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding thirty (30) days thereafter to which the Company, in its sole discretion, may extend this Offering.

#### **5. PLAN OF DISTRIBUTION**

##### **5.1 OFFERING OF NOTES**

The Notes will be offered to prospective lenders by Officers and Directors of the Company and qualified licensed personnel, pursuant to State and Federal security rules and regulations. This Offering is made solely through this Private Placement Memorandum and without any form of general solicitation or advertising. The Company and its Officers and Directors or other authorized personnel will use their best efforts during the Offering period to find eligible Investors who desire to subscribe to the Notes in the Company. These Notes are offered on a "best efforts" basis, and there is no assurance that any or all of the Notes will be closed. The Company has the authorization to offer fractional

Notes at its sole discretion. The Offering period will begin as of the date of this private Offering Memorandum and will close upon the happening of such occurrences as defined herein (see "TERMS OF THE OFFERING").

## **5.2 PAYMENTS TO BROKER DEALERS OR INVESTMENT ADVISORS**

The Company has the power to pay fees or commissions to qualified Broker Dealers, Registered Investment Advisors or any other person qualified under other applicable federal and state security laws.

## **6. DESCRIPTION OF NOTES**

### **6.1 NOTES**

The Company is offering Two Hundred (200) Notes of the Company to potential investors at Fifty Thousand (\$50,000) Dollars per Note, payable in cash at the time of the subscription. The minimum purchase is one (1) note. The Notes will have an annual rate of return of sixty (60%) percent interest, compounded annually, with a maturity date of twenty-four (24) months from the Commencement Date of each Note. All principal shall be paid at maturity (24 months). Interest shall be paid at maturity (24 months). The principal and any interest due on said principal may be prepaid, at the sole discretion of the Company, without a prepayment penalty at any time. The Company reserves the right to extend the maturity for an additional twelve (12) months at the annual rate of return of sixty (60%) percent if for reasons beyond the Company's control the abovementioned maturity date cannot be met. If the Company elects this option, the maturity date would be extended up to an additional twelve (12) months from the above noted maturity date. The Notes offered pursuant to this Private Placement Memorandum will be secured by the property.

The Notes will be issued in the form attached hereto and incorporated herein by reference as though set forth in full herein as **Exhibit B**.

### **6.2 SECURITY FOR PAYMENT OF THE NOTES**

The Notes being offered by the Company in this Private Placement Offering are secured by the land Tri-Core Companies LLC purchases.

### **6.3 REPORTS TO NOTEHOLDERS**

The Company will furnish annual un-audited reports to its Note holders ninety (90) days after its fiscal year. The Company may issue other interim reports to its Note holders as it deems appropriate. The Company's fiscal year ends on December 31<sup>st</sup> of each year.

## 7. USE OF PROCEEDS

The gross proceeds of the Offering will be a maximum of Ten Million (\$10,000,000) Dollars. The table below sets forth the use of proceeds for both the maximum and minimum offering amounts.

### Sources

	Maximum Amount	Percent of Proceeds
Proceeds From the Sale of Notes	\$10,000,000	100.00%

### Application of Proceeds

Offering Expenses <sup>(1)</sup>	\$ 5,000	0.050%
Commissions <sup>(2)</sup>	\$ 1,000,000	10.000%
<b>Total Offering Expenses &amp; Fees</b>	<b>\$ 1,005,000</b>	<b>10.050%</b>
<b>Net Offering Proceeds</b>	<b>\$ 8,995,000</b>	<b>89.950%</b>
General Project Expenses	\$ 25,000	0.250%
Soft Cost	\$ 50,000	0.500%
Marketing	\$ 50,000	0.500%
Administration	\$ 36,000	0.360%
Land Purchase <sup>(3)</sup>	\$ 8,834,000	88.340%
<b>Total Application of Proceeds</b>	<b>\$ 10,000,000</b>	<b>100.00%</b>

#### Footnotes:

(1) Includes estimated memorandum preparation, filing, printing, legal, accounting and other fees and expenses related to the Offering.

(2) The Offering is being sold by the officers and directors of the Company, who will not receive any compensation for their efforts. No sales fees or commissions will be paid to such officers or directors. Notes may be sold by registered brokers or dealers who are members of the NASD and who enter into a Participating Dealer Agreement with the Company. Such brokers or dealers may receive commissions up to ten percent (10%) of the price of the Notes sold.

(3) Includes amount available for land purchase, transfer fee costs and real estate taxes.

## 8. CAPITALIZATION STATEMENT

### 8.1 CAPITALIZATION PRIOR TO AND AFTER THE OFFERING

The following table summarizes the capitalization of the Company prior to, and as adjusted to reflect, the issuance and sale of the maximum of Two Hundred (200) Notes or Ten Million (\$10,000,000) Dollars.

	AS ADJUSTED 08/29/07	AFTER THE OFFERING
Notes	<u>-0-</u>	<u>\$10,000,000</u>
Membership Units \$0.10 par value, 1,000 Units authorized, 900 Units issued and outstanding	\$100	\$100
Net Shareholders' Equity	\$100	\$100
TOTAL CAPITALIZATION	<u>\$100</u>	<u><del>\$10,000,100</del></u>

## 9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### 9.1 RESULTS OF OPERATIONS

The Company is actively engaged in the purchase of land to be held for appreciation.

### 9.2 LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity and capital resources are dependent on its ability to raise sufficient capital to pay for the purchase price of the Promissory Notes.

## 10. CERTAIN TRANSACTIONS

### 10.1 ARIZONA LIMITED LIABILITY COMPANY

Tri-Core Companies LLC is a privately held Arizona Limited Liability Company, incorporated on August 29, 2007.

### 10.2 PRIVATE OFFERING OF NOTES

The Company is authorized to offer in this private offering, up to Ten Million (\$10,000,000) Dollars of Notes to selected investors, effective on June 1, 2010.

## **11. FIDUCIARY RESPONSIBILITIES OF THE DIRECTORS AND OFFICERS OF THE COMPANY**

### **11.1 GENERAL**

The Principals, Officers, and Directors of the Company are accountable to the Company as fiduciaries and such Principals, Officers and Directors are required to exercise good faith and integrity in managing the Company's affairs and policies. Each Note Holder of the Company, or their duly authorized representative, may inspect the books and records of the Company at any time during normal business hours. A Note Holder may be able to bring an action on behalf of himself in the event the Note Holder has suffered losses in connection with the purchase or sale of the Note(s) in the Company, due to a breach of fiduciary duty by an Officer or Director of the Company, in connection with such sale or purchase, including the misrepresentation or misapplication by any such Officer or Director of the proceeds from the sale of these Notes, and may be able to recover such losses from the Company.

### **11.2 INDEMNIFICATION**

Indemnification is permitted by the Company to directors, officers, or controlling persons pursuant to Arizona law. Indemnification includes expenses, such as attorneys' fees and, in certain circumstances, judgments, fines and settlement amounts actually paid or incurred in connection with actual or threatened actions, suits or proceedings involving such person and arising from their relationship with the Company, except in certain circumstances where a person is adjudged to be guilty of gross negligence or willful misconduct unless a court of competent jurisdiction determines that such indemnification is fair and reasonable under the circumstances.

## **12. RISK FACTORS**

THIS INVESTMENT INVOLVES A DEGREE OF RISK. AN INDIVIDUAL CONTEMPLATING INVESTMENT IN THIS OFFERING SHOULD GIVE CAREFUL CONSIDERATION TO THE ELEMENTS OF THE RISK SUMMARIZED BELOW, AS WELL AS THE OTHER RISK FACTORS IDENTIFIED ELSEWHERE IN THIS PRIVATE OFFERING MEMORANDUM.

THIS INVESTMENT INVOLVES A DEGREE OF RISK. AN INDIVIDUAL CONTEMPLATING INVESTMENT IN THIS OFFERING SHOULD GIVE CAREFUL CONSIDERATION TO THE ELEMENTS OF THE RISK SUMMARIZED BELOW, AS WELL AS THE OTHER RISK FACTORS IDENTIFIED ELSEWHERE IN THIS PRIVATE OFFERING MEMORANDUM.

### **12.1 CONTROL BY COMPANY**

After completion of this offering, the Company will own one hundred percent (100%) of the issued and outstanding Membership Units. Such ownership will enable the Company to continue to elect all the Managers and to control the Company's policies and affairs. The Note Holders will not have any voting rights in the Company.

### **12.2 RELIANCE ON THE COMPANY FOR MANAGEMENT**

All decisions with respect to the management of the Company will be made exclusively by the Principal Managers of the LLC. The Note Holders do not have the right or power to take part in the management of the Company. Accordingly, no person should purchase a Note unless he is willing to entrust all aspects of the management of the Company to existing Management.

### **12.3 LIMITED TRANSFERABILITY OF THE NOTES**

The transferability of the Notes in this offering is limited, and potential investors should recognize the nature of their investment in the offering. It is not expected that there will be a public market for the Notes because there will be only a limited number of investors and restrictions of the transferability of Notes. The Notes have not been registered under the Securities Act of 1933, as amended, or qualified or registered under the securities laws of any state and, therefore, the Notes cannot be resold unless they are subsequently so registered or qualified or an exemption from such registration is available. The offering also contains restrictions on the transferability of the Notes. Accordingly, purchasers of Notes will be required to hold such Notes to maturity unless otherwise approved by the Company. The Company does not intend to register the Notes under the Securities Act of 1933.

### **12.4 REGULATIONS**

The Company is subject to usual federal and state laws, rules and regulations. The Company believes it is in full compliance with any and all applicable laws, rules and regulations both domestically and in Mexico.

### **12.5 GENERAL ECONOMY**

The Company is subject to the Mexican and U.S. Economy and its effect on consumer confidence and spending.

### **12.6 ZONING**

This area is zoned for resort and single family development. No changes are foreseen for this area.

## **12.7 MARKET DEMAND**

The market for unspoiled beachfront property that is highly developable remains strong.

## **12.8 FORCE MAJEURE**

Neither party shall be liable in damages or have the right to terminate this Agreement for any delay or default in performing hereunder if such delay or default is caused by conditions beyond its control including, but not limited to Acts of God, Government restrictions (including the denial or cancellation of any export or other necessary license), wars, insurrections and/or any other cause beyond the reasonable control of the party whose performance is affected.

## **13. PRINCIPAL SHAREHOLDERS**

As of the date of this Offering, the Company has Nine Hundred (900) Membership Units issued and outstanding to Jason Todd Mogler (30%), Jim Hinkeldey (30%) and Vince Gibbons (30%).

## **14. HOW TO INVEST**

An Investor who meets the qualifications as set forth in this Private Offering Memorandum may subscribe for at least the minimum purchase herein of One (1) Note (Fifty Thousand (\$50,000) Dollars) by carefully reading this entire Private Offering Memorandum and by then completing and signing a separately bound booklet. This booklet contains identical copies of the following exhibits contained in the Private Offering Memorandum, including:

Exhibit A **INSTRUCTIONS TO SUBSCRIBERS and SUBSCRIPTION AGREEMENT:** This contains complete instructions to Subscribers and should be read in its entirety by the prospective investor prior to investing. The Subscription Agreement must be signed by the Investor.

Exhibit B **PROMISSORY NOTE:** This Note will be signed by Tri-Core Companies LLC.

Exhibit C **INVESTOR QUESTIONNAIRE:** This questionnaire requires a Subscriber to complete a financial history in order to aid the Company in the determination of the suitability of the Subscriber as a potential Investor. This questionnaire must be signed by the Investor.

Exhibit D **TRI-CORE COMPANIES LLC: Business Plan**

Copies of all the above referenced documents are included with this Private Placement Memorandum. For discussion of the actions of the Company upon receipt of a properly completed request to invest by a Subscriber, please see **"TERMS OF THE OFFERING."** Such Investor should include his check made payable Tri-Core Companies LLC, along with the SUBSCRIPTION AGREEMENT, NOTE, AND INVESTOR QUESTIONNAIRE. Delivery of the documents referred to above, together with a check to the Company should be addressed to the Company as follows: **Tri-Core Companies LLC, 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250.**

## **15. INVESTOR SUITABILITY REQUIREMENTS**

### **15.1 INTRODUCTION**

Potential Investors should have experience in making investment decisions or such Investors should rely on their own tax consultants or other qualified investment advisors in making this investment decision.

### **15.2 GENERAL SUITABILITY**

Each potential Investor will be required to represent the following by execution of a Subscription Agreement:

1. The Investor has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in this Offering.
2. The Investor has the ability to bear the economic risk of this investment, has adequate means to provide for his, her, or its current needs and personal contingencies, has no need for liquidity in this investment and could afford the complete loss of the investment.
3. The Investor is acquiring the Note(s) for his, her or its own account for investment purposes only and not with a view toward subdivision, resale, distribution or fractionalization thereof, or for the account of others, and has no present intention of selling or granting any participation in, or otherwise distributing, the Note(s).
4. The Investor's overall commitment to invest in the Note(s) is not disproportionate to his, her, or its net worth and the investment in these Note(s) will not cause such overall commitment to become excessive.
5. The Investor has read and understands this Private Placement Memorandum and all its exhibits.



### 15.3 NONACCREDITED INVESTORS

Up to and including thirty-five (35) investing Subscribers may be accepted by the Company as suitable Investors if each such Subscriber has a net worth sufficient to bear the risk of losing his entire investment and meets the above "General Suitability Standards."

### 15.4 ACCREDITED INVESTORS

In addition to satisfying the "General Standards" as defined above, all but thirty-five (35) Subscribers for Shares must each satisfy one of the "Accredited Investors" economic suitability standards as defined below:

1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds One Million (\$1,000,000) Dollars;
2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of Three Hundred Thousand (\$300,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;
3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
4. Any private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940);

5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;

6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

8. Any entity in which all of the equity owners are Accredited Investors.

NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.

#### **15.5 ACCEPTANCE OF SUBSCRIPTION AGREEMENT BY THE COMPANY**

The Investor Suitability Requirements referred to in this section represent minimum requirements for potential Investors. Satisfaction of these standards does not necessarily mean that participation in this Offering constitutes a suitable investment for such a potential Investor or that the potential Investors' Subscription will be accepted by the Company. The Company may, in fact, modify such requirements as circumstances dictate. All Subscription Agreements submitted by potential Investors will be carefully reviewed by the Company to determine the suitability of the potential Investor in this Offering. The Company may, in its sole discretion, refuse a Subscription in this Offering to any potential Investor who does not meet the applicable Investor Suitability Requirements or who otherwise appears to be an unsuitable Investor in this Offering. The Company will not necessarily review or accept a Subscription Agreement in the sequential order in which it is received. The Company also has the discretion to maximize the number of Accredited Investors in this Offering and, as a result, may accept less than thirty-five (35) Non-accredited Investors in this Offering.

#### **16. LITIGATION**

The Company and its Principals have no lawsuits pending, no legal actions pending or judgments entered against the Company or its Principals and, to the best

knowledge of the Company, no legal actions are contemplated against the Company and/or its Principals.

## **17. ADDITIONAL INFORMATION**

Reference materials described in this Private Offering Memorandum are available for inspection at the office of the company during normal business hours. It is the intention of the Company that all potential Investors are given full access to such information for their consideration in determining whether to purchase the Notes being offered. Prospective Investors should contact the Company for access to information regarding the matters set forth or other information concerning the Company. Representatives of the Company will also answer all inquiries from potential Investors concerning the Company and any matters relating to its proposed operations or present activities. The Company will afford potential investors and their representatives the opportunity to obtain any additional information reasonably necessary to verify the accuracy or the source of any representations or information contained in this Private Offering Memorandum. All contracts entered into by the Company are subject to modifications and the Company may make any changes in any such contracts as deemed appropriate in its best discretion. Such recent amendments may not be circulated to subscribers prior to the time of closing this Offering. However, potential Investors and their representatives may review such material or make inquiry of the Company concerning any of these and any other matters of interest.

## **18. FORECASTS OF FUTURE OPERATING RESULTS**

Any forecasts and pro forma financial information which may be furnished by the Company to prospective Investors or which are part of the Company's business plan, are for illustrative purposes only and are based upon assumptions made by Management regarding hypothetical future events. There is no assurance that actual events will correspond with the assumptions or that factors beyond the control of the Company will not affect the assumptions and adversely affect the illustrative value and conclusions of any forecasts.

## **19. GLOSSARY OF TERMS**

The following terms used in this Memorandum shall (unless the context otherwise requires) have the following respective meanings:

**ACCEPTANCE.** The acceptance by the Company of a prospective investor's subscription.

**ACCREDITED INVESTORS.** Those investors who meet the criteria set forth in "INVESTOR SUITABILITY REQUIREMENTS."

**BROKER-DEALER.** A person or firm licensed with the NASD, the SEC and with the securities or corporate commissions department of the state

in which it sells investment securities and who may employ licensed agents for that purpose.

**COMPANY.** Refers to **TRI-CORE COMPANIES LLC**, an Arizona Limited Liability Company.

**NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. (NASD).** A self-regulating body which licenses brokers and dealers handling securities offerings, reviews the terms of an offering's underwriting arrangements and advertising literature and, while not a governmental agency, acts as a review service watchdog to make sure that its regulations and those of the SEC are followed for the Investor's protection in offerings of securities.

**NOTES.** A Fifty Thousand (\$50,000) Dollar investment consisting of one (1) Promissory Note issued by **TRI-CORE COMPANIES LLC**, an Arizona Limited Liability Company.

**SECURITIES ACT OF 1933.** A federal act regulated and enforced by the SEC that requires, among other things, the registration and use of a prospectus whenever a security is sold (unless the security or the manner of the Offering is expressly exempt from such registration process).

**SECURITIES EXCHANGE ACT OF 1934.** A federal act regulated and enforced by the SEC which supplements the Securities Act of 1933 and contains requirements which were designed to protect investors and to regulate the trading (secondary market) of securities. Such regulations require, among other things, the use of prescribed proxy statements when investors' votes are solicited; the disclosure of management and large shareholders' holding of securities; controls on the resale of such securities; and periodic (monthly, quarterly, annually) filing with the SEC of financial and disclosure reports of the Issuer.

**SECURITIES AND EXCHANGE COMMISSION (SEC).** An independent United States government regulatory and enforcement agency which supervises investment trading activities and registers companies and those securities which fall under its jurisdiction. The SEC also administers statutes to enforce disclosure requirements that were designed to protect investors in securities offerings.

**SUBSCRIPTION DOCUMENTS.** Consists of the Note, Subscription Agreement, Investor Questionnaire, and a check as payment for the Note(s) to be purchased submitted by each prospective Investor to the Company.

**TERMINATION DATE.** The earlier to occur of the date on which all Notes are sold or May 31, 2011.

**20. ACKNOWLEDGMENT**

By signing below, the undersigned acknowledges that he/she has read and understood this entire Private Placement Memorandum.

FLOATRON INC / M Sherman  
Signature

8-9-10  
Date

M. SHERMAN  
Print Name

CONFIDENTIAL



**CONFIDENTIAL**

**EXHIBIT A**  
**SUBSCRIPTION AGREEMENT**

**Print Name of Subscriber:** Mark Sherman

**Amount Loaned: \$** 100,000.00

**Number of Notes:** 2

**TRI-CORE COMPANIES LLC**

**SUBSCRIPTION DOCUMENTS**

**OFFERING OF A MAXIMUM OF TWO HUNDRED (200)  
SECURED PROMISSORY NOTES**

**FIFTY THOUSAND (\$50,000) DOLLARS PER NOTE**

**JUNE 1, 2010**

**SUBSCRIPTION INSTRUCTIONS**  
**(Please read carefully)**

Each subscriber for the Secured Promissory Notes, Fifty Thousand (\$50,000) Dollars per Note (the "Notes") of Tri-Core Companies LLC, an Arizona Limited Liability Company ("the Company"), must complete and execute the Subscription Documents in accordance with the instructions set forth below. The completed documents should be sent to Tri-Core Companies LLC, 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250.

**Payment for the Securities should be made by check payable to the Tri-Core Companies LLC and enclosed with the documents as directed in Section III below.**

- I. These Subscription Documents contain all of the materials necessary for you to purchase the Notes. This material is arranged in the following order:
  - Subscription Agreement
  - Promissory Note
  - Confidential Prospective Purchaser's Questionnaire
- II. All investors must complete in detail, date, initial, and sign the Subscription Documents where appropriate. All applicable sections must be filled in.
- III. Payment for the Notes must be made by check as provided below:

Please make your check payable, in the appropriate amount, for the number of Notes purchased (at Fifty Thousand (\$50,000) per Note), to **Tri-Core Companies LLC**. Your check should be enclosed with your signed subscription documents.

All funds received from subscribers will be placed in a segregated Holding Account of the Company. Once the minimum offering amount has been reached the funds will be transferred to the Company's operating account and will be available for use.

#### IV **SPECIAL INSTRUCTIONS**

**FOR CORPORATIONS.** Include copy of Board resolution designating the corporate officer authorized to sign on behalf of the corporation, a Board resolution authorizing the investment, and financial statements.

**FOR PARTNERSHIPS.** Provide a complete copy of the partnership agreement, questionnaire, and financial statements for each General Partner.

**FOR TRUSTS.** Provide a complete copy of the instruments or agreements creating the trust, as amended to date.



**Print Name of Subscriber:** Mark Sherman

**Amount Loaned:** \$ 100,000.00

**Number of Notes:** 2

### **Subscription Agreement**

To: Tri-Core Companies LLC  
8800 E. Chaparral Road – Suite 270  
Scottsdale, AZ 85250

Gentlemen:

**1. Subscription.** The undersigned hereby subscribes for 2 Notes of Tri-Core Companies LLC (the "Company"), an Arizona Limited Liability Company, and agrees to loan to the Company Fifty Thousand (\$50,000) Dollars per Note for an aggregate loan of **\$100,000.00** (the "Loan Amount") upon the terms and subject to the conditions (a) set forth herein, and (b) described in the Confidential Private Placement Memorandum ("Private Placement Memorandum") dated June 1, 2010, together with all exhibits thereto and materials included therewith, and all supplements, if any, related to this offering. The minimum loan is Fifty Thousand (\$50,000) Dollars, but the Company has the discretion to offer fractional Notes for loans less than the minimum.

**2. Note Offering.** The Company is offering a maximum of Two Hundred (200) Notes at Fifty Thousand (\$50,000) Dollars per Note, with no minimum subscription (the "Offering"). The maximum aggregate loan to the Company from this Offering will be Ten Million (\$10,000,000) Dollars. The Offering is being made to a limited number of investors pursuant to an exemption available under the Securities Act of 1933 (the "Act"), specifically Rule 506 promulgated under Regulation D, and under certain other laws, including the securities law of certain states.

**3. Documents to Be Delivered.** The undersigned is delivering to the Company executed copies of this Subscription Agreement (the "Agreement"), the Note(s), Offeree Questionnaire, and all other applicable exhibits and documents (the "Subscription Documents"). The Subscription Documents should be delivered to Tri-Core Companies LLC, at 8800 E Chaparral Road, Suite #270, Scottsdale, AZ 85250. The undersigned understands and agrees that he or it will not become a "Holder" of the Note(s) and the Company shall not become a "Maker" of the Note(s) unless and until the Agreement and Note(s) are executed by the Company.

**4. Making of Loan Amount.** The undersigned, simultaneously with the delivery of the Subscription Documents to the Company, hereby tenders to the Company the Loan Amount by **check made payable to the order of Tri-Core Companies LLC** in the amount indicated above.

**5. Acceptance or Rejection of Subscription.** The undersigned understands and agrees that the Company reserves the right, exercisable in its sole discretion, to accept or reject any subscription, in whole or in part, for any reason and that the undersigned will be notified by the Company as promptly as practicable as to whether his or its subscription has been accepted or rejected. If the undersigned's subscription is accepted, in whole or in part, by the Company, the Company will execute this Agreement and the Note(s) and return them to the undersigned. If this subscription is rejected by the Company, either in whole or in part, all funds, in the case of a rejection of the subscription in whole, or those funds representing the amount of the subscription not accepted by the Company, in the case of a rejection of the subscription in part, will be returned to the undersigned as promptly as practicable. If this subscription is rejected in whole by the Company, this Agreement shall be null, void and of no effect. The undersigned does not have the right to withdraw or revoke his or its subscription during the Offering period, except as provided by certain state laws, except that if more than thirty (30) days shall have passed from the date the Company received completed and executed Subscription Documents and the Loan Amount from the undersigned (the "Acceptance Period"), and the Company has not accepted the subscription during the Acceptance Period, the undersigned may withdraw his or its subscription at any time after the Acceptance Period up until such time that the Company subsequently decides, in its sole discretion, to accept the subscription in whole or in part.

**6. Offering Period.** The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon receipt of the maximum offering subscription amount of Ten Million (\$10,000,000) Dollars
2. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding thirty (30) days thereafter to which the Company, in its sole discretion, may extend this Offering.

**7. Closing of the Loan.** The Note(s) subscribed for herein shall not be deemed made by the Company or held by the undersigned until this Agreement and the Note(s) have been countersigned by the Company, and until the funds delivered by the undersigned to the Company with the Subscription Documents have been deposited in the Holding Account and have been cleared by the applicable bank of the Company (the "Effective Date"). Upon the Effective Date, (a) the undersigned shall have loaned to the Company the Loan Amount, (b) the undersigned shall become the Holder and the Company shall become the Maker of the Note(s) subscribed for by the undersigned, and (c) both the undersigned and the Company shall be bound by the terms of the Private Placement Memorandum and the Subscription Documents and any other undertakings described herein.

**8. Representations and Warranties.**

- (a) The Company hereby represents and warrants as follows:

(i) The Company is a Limited Liability Company duly organized, validly existing and in good standing under the laws of the State of Arizona and has the requisite company power and authority to own, lease and operate its properties and to carry on its business as now being conducted;

(ii) This Agreement constitutes the valid and binding obligation of the Company enforceable against the Company in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws from time to time in effect which affect creditor's rights generally and by legal and equitable limitations on the availability of specific performance and other equitable remedies under or by virtue of this Agreement). The Company has all requisite power and authority, corporate and otherwise, to execute and deliver this Agreement and the Note(s) and to consummate the transactions contemplated hereby. All persons who have executed this Agreement and the Note(s) on behalf of the Company have been duly authorized to do so by all necessary corporate action. Neither the execution and delivery of this Agreement and the Note(s) nor the consummation of the transactions contemplated hereby will (A) violate any provision of the Certificate of Incorporation or Operating Agreement of the Company, as currently in effect; (B) violate any judgment, order, injunction, decree or award against, or binding upon, the Company or the securities, assets, properties, operations or business of the Company; or (C) violate any law or regulation applicable to the Company or to the securities, assets, properties, operations or business of the Company.

(b) In order to induce the Company to accept the subscription made hereby, the undersigned hereby represents and warrants to the Company as follows:

(i) The undersigned has received the Private Placement Memorandum and the Subscription Documents. The undersigned has read and understands the Private Placement Memorandum and Subscription Documents and the information contained in those documents concerning the Company and this Offering or has caused his or its representative to read and examine the Private Placement Memorandum and Subscription Documents. The undersigned has relied only on the information about the Company contained in these documents and his or its own independent investigation in making his or its subscription. The undersigned understands that the Notes will be issued with the rights and subject to the conditions described in the Private Placement Memorandum and Subscription Documents;

(ii) The undersigned is familiar with the terms and conditions of the Offering and is aware that his or its investment involves a

degree of risk and the undersigned has read the section in the Private Placement Memorandum titled "Risk Factors."

(iii) The undersigned hereby specifically accepts and adopts each and every provision of this Agreement and acknowledges and agrees with each and every provision of this Agreement and, upon acceptance by the Company of the subscription made hereby, agrees to be bound by such provisions.

(iv) The undersigned acknowledges and is aware that there is no assurance as to the future performance of the Company.

(v) The undersigned, if an individual (A) has reached the age of majority in the state in which he resides and (B) is a bona fide resident and domiciliary (not a temporary or transient resident) of the state set forth below his signature on the signature page hereof and has no present intention of becoming a resident of any other state or jurisdiction. The undersigned, if a partnership, corporation, limited liability company, trust or other entity, was organized or incorporated under the laws of the jurisdiction set forth below the signature made on its behalf on the signature page hereof and has no present intention of altering the jurisdiction of its organization, formation or incorporation.

(vi) The undersigned has the financial ability to bear the economic risk of an investment in the Offering, has adequate means of providing for his or its current needs and personal contingencies, has no need for liquidity in the Note(s) and could afford a complete loss of his or its investment in the Offering.

(vii) The undersigned represents and warrants to the Company that he or it comes within one of the categories of investors as defined in Exhibit 1 hereto (*please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity*).

(viii) The undersigned has been given the opportunity to review the merits of an investment in the Offering with tax and legal counsel or with an investment advisor to the extent the undersigned deemed advisable.

(ix) The undersigned's overall commitment to invest in the Note(s), which are not readily marketable, is not disproportionate to his or its net worth and his or its investment in the Offering will not cause such overall commitment to become excessive.

(x) The undersigned has such knowledge and experience in financial and business matters that he or it is capable of evaluating the merits and risks of an investment in the Offering.

(xi) The undersigned has been given a full opportunity to ask questions of and to receive (A) answers from the Company and its Managers concerning the terms and conditions of this Offering and the business of the Company and (B) such other information as he or it desired in order to evaluate an investment in the Offering, and all such questions have been answered to the full satisfaction of the undersigned. No oral or written representations have been made or oral or written information furnished to the undersigned or the undersigned's advisors in connection with the Offering or interests that were in any way inconsistent with this Subscription Agreement. The undersigned is not participating in the Offering as a result of or subsequent to, (1) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television, radio or the internet or (2) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

(xii) If the undersigned is a corporation, limited liability company, partnership, trust or other entity, it is authorized and qualified to make this loan to the Company and the person signing this Agreement on behalf of such entity has been duly authorized by such entity to do so.

(xiii) If the undersigned is a corporation, limited liability company or partnership, the person signing this Agreement on its behalf hereby represents and warrants that the information contained in this Agreement completed by any shareholders of such corporation, members of such limited liability company or partners of such partnership is true and correct with respect to such shareholder, member or partner (and if any such shareholder is itself a corporation, limited liability company or partnership, with respect to all persons having an equity interest in such corporation, limited liability company or partnership, whether directly or indirectly) and that the person signing this Agreement has made due inquiry to determine the truthfulness and accuracy of the information contained in this Agreement.

(xiv) The purchase of the Note(s) by the undersigned has been duly authorized, and the execution, delivery and performance of this Agreement does not conflict with the undersigned's partnership agreement, certificate of incorporation, by-laws, articles of organization, operating agreement or any agreement to which the undersigned is a party and this Agreement is a valid and binding agreement enforceable against the undersigned in accordance with its terms.

(xv) The undersigned hereby represents that he or it is subscribing for the Notes as principal or as trustee, solely for the account of the undersigned, for investment purposes only and not with a view to, or for, subdivision, resale, distribution, or fractionalization thereof, in whole or in part, or for the account, in whole or in part, of others, and, except as disclosed herein, no other person has a direct or indirect beneficial interest in the Note(s). The undersigned will hold the Note(s) as an investment and has no reason to anticipate any change in circumstances or other particular occasion or event, which would cause the undersigned to attempt to sell any of the Note(s).

(xvi) The undersigned acknowledges his or its understanding that (A) the Offering of the Note(s) by the Company has not been registered under the Act, as amended, or the securities laws of certain states in reliance on specific exemptions from registration, (B) the Confidential Memorandum and Subscription Documents have not been filed with or reviewed by the Securities and Exchange Commission or the securities department of any state and no securities administrator of any state or the federal government has recommended or endorsed this Offering or made any finding or determination relating to the fairness of an investment in the Company, and (C) the Offering of the Note(s) by the Company is intended to be exempt from registration pursuant to Section 4 (2) of the Act and the rules promulgated there under by the Securities and Exchange Commission, and that the undersigned's Note(s) cannot be sold, pledged, assigned or otherwise disposed of unless they are registered under the Act or an exemption from such registration is available.

(xvii) The undersigned represents and warrants that he or it will not transfer or convey all or part of his or its financial interest in the Note(s) unless such Note(s) are subsequently registered under the Act or an exemption from such registration is available and without (A) the prior written consent of the Company and (B) an opinion of counsel acceptable to the Company and its counsel to the effect that the Note(s) may be transferred without violation of the registration requirements of the Act or any applicable state securities laws, as may be amended from time to time. The undersigned further acknowledges that there can be no assurance that the Company will file any registration statement for the Note(s) for which the undersigned is subscribing, that such registration statement, if filed, will be declared effective or, if declared effective, that the Company will be able to keep it effective until the undersigned sells the Note(s) registered thereon.

(xviii) The undersigned understands that this Agreement is subject to the Company's acceptance and may be rejected by the Company at any time in its sole discretion in whole or any part

prior to issuance of the Note(s) with respect to the undersigned's subscription, notwithstanding prior receipt by the undersigned of notice of acceptance of the undersigned's subscription. The Company reserves the right to withdraw the Offering at any time.

(xix) The undersigned acknowledges that this Agreement shall become binding upon the undersigned when it is countersigned by the Company and the undersigned is not entitled to cancel, terminate, or revoke this subscription before or after acceptance by the Company, except as otherwise provided in this Agreement.

(xx) All information provided by the undersigned in the Investor Questionnaire and Investor Representative Questionnaire (if applicable) which accompanies this Agreement is true and accurate in all respects, and the undersigned acknowledges that the Company will be relying on such information to its possible detriment in deciding whether the Company can make these Note(s) to the undersigned without giving rise to the loss of an exemption from registration under the applicable securities laws.

**9. Foreign Person.** If the undersigned has indicated on the signature page of this Agreement that he, she or it is a foreign person, he, she, or it agrees to notify the Company in writing within sixty (60) days of becoming a nonresident alien, foreign corporation, foreign partnership, foreign trust, foreign estate, or other foreign entity, as the case may be.

**10. Indemnity.** The undersigned agrees to indemnify and hold harmless the Company, its managers, members, agents, attorneys and affiliates and each other person, if any, who controls, any thereof, within the meaning of Section 15 of the Act, against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the undersigned to comply with any covenant or agreement made by the undersigned herein or in this Agreement or in any other document furnished by the undersigned to any of the foregoing in connection with this transaction.

**11. Notice.** All notices in connection with this Agreement shall be in writing and personally delivered or delivered via overnight mail, with written receipt therefore, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 11) with a copy, in the case of notice to the Company, to Tri-Core Companies LLC, at 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

**12. Miscellaneous.**

(a) This Agreement is not assignable by the undersigned. This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) This Agreement shall be deemed to have been made in the State of Arizona and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in State of Arizona. The parties hereto hereby consent to personal jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Agreement.

(c) This Agreement contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representation, or warranties are made or implied, except as specifically set forth herein. No modification, waiver, or amendment of any of the provisions of this Agreement shall be effective unless in writing and signed by both parties to this Agreement.

(d) No waiver of any breach of any terms of this Agreement shall be effective unless made in writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall be construed as a waiver of any subsequent breach of that term or of any other term of the same or different nature.

(e) If any provision or portion of this Agreement or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Agreement.

(f) Each of the parties hereto shall cooperate and take such actions, and execute such other documents, at the execution hereof or subsequently, as may be reasonably requested by the other in order to carry out the provisions and purposes of this Agreement.



IN WITNESS WHEREOF, the undersigned, by his, her, or its execution hereof, has read and approved this Subscription Agreement and agrees to be bound by this Agreement.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2010, at \_\_\_\_\_  
(City), \_\_\_\_\_ (State).

**If the Investor is an INDIVIDUAL, complete the following:**

The undersigned (circle one): **[is]** **[is not]** a citizen or resident of the United States.

\_\_\_\_\_  
**Print Name of Individual**

\_\_\_\_\_  
**Print Name of Spouse / Co-Investor**  
*(If Funds are to be invested in Joint Name  
or are Community Property)*

\_\_\_\_\_  
**Print Social Security Number of Individual**

\_\_\_\_\_  
**Print Social Security Number of Spouse  
or Co-Investor**  
*(If Funds are to be Invested in Joint Name  
or are Community Property)*

\_\_\_\_\_  
**Signature of Individual**

\_\_\_\_\_  
**Signature of Spouse / Co-Investor**  
*(If Funds are to be Invested in Joint Name  
or are Community Property)*

**Print Residential Address:**  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Print Residential Telephone Number:**  
\_\_\_\_\_

  
  
If the investor is PARTNER, PARTNERSHIP, CORPORATION, TRUST OR OTHER ENTITY, complete the following:

The undersigned (circle one) [is] [is not] a foreign partnership, foreign corporation, trust or foreign estate (as defined in the Internal Revenue Code of 1986, as amended, and the treasury regulations promulgated there under).

Floatron, Inc  
Print Name of Partnership, Corporation, Trust, or Other Business Entity

Floatron Inc / M Sherman  
Signature of Authorized Representative

[Redacted]  
Print Federal Tax Identification Number

[Redacted]  
Print Jurisdiction of Entity

Mark Sherman  
Print Name of Authorized Representative

President  
Print Title of Authorized Representative

[Redacted]  
Print Residential Address of Investor:

[Redacted]  
Print Residential Telephone Number:

AZ

**ACCEPTANCE**

The terms of the foregoing, including the subscription described therein, are agreed to and accepted on this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

**TRI-CORE COMPANIES LLC**

By: [Signature]  
(Jason Todd Mogler - President)

By: [Signature]  
Jim Hinkeldey - Vice-President

**EXHIBIT 1  
INVESTOR STATUS**

*(Please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity).*

            
initials

A. **"Nonaccredited Investor"**. The undersigned does not meet the definition of an "Accredited Investor" as defined herein below;

  X    
initials

B. **"Accredited Investor"**. The undersigned is an Accredited Investor as defined below (check applicable box):

☐ 1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of this purchase exceeds One Million (\$1,000,000) Dollars;

☐ 2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of Three Hundred Thousand (\$300,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;

☐ 3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U. S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

☐ 4. Any private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940);

☐5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;

☐6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

☐7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

☐8.\* Any entity in which all of the equity owners are Accredited Investors.

**NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.**

\* If this box is checked, please indicate on a separate schedule to be attached hereto, the category of Accredited Investor in which each equity owner of such entity is included.

**CONFIDENTIAL**

**EXHIBIT B**  
**PROMISSORY NOTE**

B1

ACC012256  
FILE #8337

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**EXHIBIT B**

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**PROMISSORY NOTE**

**THIS NOTE HAS BEEN MADE FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO OR FOR SALE IN CONNECTION WITH THE DISTRIBUTION THEREOF AND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THIS NOTE MAY NOT BE SOLD, TRANSFERRED, OR ASSIGNED ("TRANSFER") UNLESS IT IS SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE AND THE MAKER CONSENTS IN WRITING TO SUCH TRANSFER.**

**Tri-Core Companies LLC**, an Arizona Limited Liability Company, with offices at 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250 (the "Maker"), for value received, promises to pay to the Individual and/or legal entity designated in this Note as the "HOLDER," the principal sum of **\$100,000.00 Dollars** with a rate of return of sixty percent (60%) compounded annually. Interest shall be due and payable at maturity and based on the commencement date of the Note. The entire Principal shall be due and payable to the Holder no later than twenty-four (24) months from the Commencement Date. The principal and any interest due on said principal may be prepaid at the sole discretion of the Company, without a prepayment penalty or premium at any time. The Company reserves the right to extend the maturity for an additional twelve (12) months at the annual rate of return of sixty (60%) percent if for reasons beyond the Company's control the abovementioned maturity date cannot be met. If the Company elects this option, the maturity date would be extended up to an additional twelve (12) months from the above noted maturity date.

**1. NOTES**

This Note in the principal amount of Fifty Thousand (\$50,000) Dollars per Note, or any fractional amounts, is offered for sale by the Maker, pursuant to that certain "Private Placement Memorandum" dated June 1, 2010. The Note shall be senior debt of the Maker and secured by the property.

**2. EVENTS OF DEFAULT**

A default shall be defined as one or more of the following events ("Event of Default") occurring and continuing:

- (a) The Maker shall fail to pay any interest payment on this Note when due for a period of thirty (30) days after notice of such default has been sent by the Holder to the Maker.
- (b) The Maker shall dissolve or terminate the existence of the Maker.

(c) The Maker shall file a petition in bankruptcy, make an assignment for the benefit of its creditors, or consent to or acquiesce in the appointment of a receiver for all or substantially all of its property, or a petition for the appointment of a receiver shall be filed against the Maker and remain unstayed for at least ninety (90) days.

Upon the occurrence of an Event of Default, the Holder of this Note may, by written notice to the Maker, declare the unpaid principal amount and all accrued interest of the Note immediately due and payable.

### **3. SECURITY FOR PAYMENT OF THE NOTE(S)**

The Note(s) offered by the MAKER are secured by future land purchase.

### **4. COMMENCEMENT DATE OF THE NOTE**

The Commencement Date of the Note shall be the "Effective Date" as defined in that certain "Subscription Agreement" attached as Exhibit A to the Private Placement Memorandum.

### **5. STATUS OF HOLDER**

The Maker may treat the Holder of this Note as the absolute owner of this Note for the purpose of making payments of principal or interest and for all other purposes, and shall not be affected by any notice to the contrary unless the Maker so consents in writing.

### **6. SECURITIES ACT RESTRICTIONS**

This Note has not been registered for sale under the Act. This Note may not be sold, offered for sale, pledged, assigned or otherwise disposed of, unless certain conditions are satisfied, as more fully set forth in the Subscription Agreement.

### **7. ATTORNEYS' FEES**

The prevailing party in an action to enforce this Note shall be entitled to reasonable attorneys' fees, costs, and collection expense.

### **8. MISCELLANEOUS.**

(a) **Successors and Assigns.** The Holder may not assign, transfer, or sell this Note to any party without the express written consent of the Maker. This Note shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) **Entire Agreement.** This Note contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver, or amendment

of any of the provisions of this Note shall be effective unless in writing and signed by both parties to this Note.

(c) **Notices.** All notices in connection with this Note shall be in writing and personally delivered or delivered via overnight mail, with written receipt thereof, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 8) with a copy to Tri-Core Companies LLC, 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

(d) **Section Headings.** The headings of the various sections of the Note have been inserted as a matter of convenience for reference only and shall be of no legal effect.

(e) **Severability.** If any provision or portion of this Note or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Note.

(f) **Applicable Law.** This Note shall be deemed to have been made in the State of Arizona, and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in the State of Arizona. The parties hereto hereby consent to personal jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Note.

(g) **Approval.** By signing below, each party respectively acknowledges that they have read and approved this promissory note.

**Maker:**

**Tri-Core Companies LLC,**  
An Arizona Company  
8800 E. Chaparral Road - Suite 270  
Scottsdale, AZ 85250

**Holder:**

**Floatron, Inc.**  
[Redacted]  
[Redacted] AZ [Redacted]

JASON TODD MOGLER

Print Name

[Signature] JUN 08 2010

Signature & Date

FLOATRON INC / M Sherman

Print Name

M Sherman 6.9.10

Signature & Date



**CONFIDENTIAL**

**EXHIBIT C**

**INVESTOR SUITABILITY QUESTIONNAIRE**

**EXHIBIT C**

**Tri-Core Companies LLC**

**Investor Suitability Questionnaire**

To: Prospective purchasers of Promissory Notes (the "Notes") offered by Tri-Core Companies LLC (the "Company").

The Purpose of this Questionnaire is to solicit certain information regarding your financial status to determine whether you are an "Accredited Investor," as defined under applicable federal and state securities laws, and otherwise meet the suitability criteria established by the Company for purchasing Notes. ***This questionnaire is not an offer to sell securities.***

Your answers will be kept as confidential as possible. You agree, however, that this Questionnaire may be shown to such persons as the Company deems appropriate to determine your eligibility as an Accredited Investor or to ascertain your general suitability for investing in the Notes.

***Please answer all questions completely and execute the signature page***

**A. Personal**

1. Full Name: \_\_\_\_\_

2. Address of Principal Residence: \_\_\_\_\_  
\_\_\_\_\_

County: \_\_\_\_\_

3. Residential Telephone Number : (      ) \_\_\_\_\_

4. Where are you registered to vote (County & State)? \_\_\_\_\_

5. Your driver's license is issued by the following state: \_\_\_\_\_

6. Other Residences or Contacts: *Please identify any other state where you own a residence, are registered to vote, pay income taxes, hold a driver's license, or have any other contacts, and describe your connection with such state:*  
\_\_\_\_\_  
\_\_\_\_\_

7. Please send all correspondence to:

- (1) \_\_\_\_\_ Residential Address [as set forth in item A-2]  
(2) \_\_\_\_\_ Business Address [as set forth in item B-1(a)]
8. Date of Birth: \_\_\_\_\_
9. Country of Citizenship: \_\_\_\_\_
10. Social Security Number or Tax I.D. Number: \_\_\_\_\_
11. E-Mail Address: \_\_\_\_\_

## B. Occupations and Income

1. Occupation: \_\_\_\_\_  
(a) Business Address: \_\_\_\_\_  
\_\_\_\_\_  
(b) Business Telephone Number: ( \_\_\_\_\_ ) \_\_\_\_\_
2. Gross income during each of the last two years exceeded:  
(1) \_\_\_\_\_ \$25,000 (3) \_\_\_\_\_ \$50,000  
(2) \_\_\_\_\_ \$100,000 (4) \_\_\_\_\_ \$200,000
3. Joint gross income with spouse during each of the last two years exceeded \$300,000.  
(1) \_\_\_\_\_ Yes (2) \_\_\_\_\_ No (3) \_\_\_\_\_ Not Applicable
4. Estimated gross income during current year exceeds:  
(1) \_\_\_\_\_ \$25,000 (3) \_\_\_\_\_ \$50,000  
(2) \_\_\_\_\_ \$100,000 (4) \_\_\_\_\_ \$200,000
5. Estimated joint gross income with spouse during current year exceeds \$300,000.  
(1) \_\_\_\_\_ Yes (2) \_\_\_\_\_ No (3) \_\_\_\_\_ Not Applicable

## C. Net Worth

1. Current net worth or joint net worth with spouse (note that "net worth" includes all of the assets owned by you and your spouse in excess of total liabilities, including the fair market value, less any mortgage, of your principal residence.)

- (1) \_\_\_\_\_ \$50,000-\$100,000 (2) \_\_\_\_\_ \$100,000-\$250,000 (3) \_\_\_\_\_ \$250,000-\$500,000

(4) \_\_\_\_\_ \$500,000-\$750,000      (5) \_\_\_\_\_ \$750,000-\$1,000,000      (6) \_\_\_\_\_ over \$1,000,000

2. Current value of liquid assets (cash, freely marketable securities, cash surrender value of life insurance policies, and other items easily convertible into cash) is sufficient to provide for current needs and possible personal contingencies:

(1) \_\_\_\_\_ Yes      (2) \_\_\_\_\_ No

**D. Affiliation with the Company**

Are you a director or executive officer of the Company?

(1) \_\_\_\_\_ Yes      (2) \_\_\_\_\_ No

**E. Investment Percentage of Net Worth**

If you expect to invest at least \$100,000 in Notes, does your total purchase price exceed 10% of your net worth at the time of sale, or joint net worth with your spouse?

(1) \_\_\_\_\_ Yes      (2) \_\_\_\_\_ No      (3) \_\_\_\_\_ Not Applicable

**F. Consistent Investment Strategy**

Is this investment consistent with your overall investment strategy?

(1) \_\_\_\_\_ Yes      (2) \_\_\_\_\_ No

**G. Prospective Investor's Representations**

The information contained in this Questionnaire is true and complete, and the undersigned understands that the Company and its counsel will rely on such information for the purpose of complying with all applicable securities laws as discussed above. The undersigned agrees to notify the Company promptly of any change in the foregoing information which may occur prior to any purchase by the undersigned of securities from the Company.

**Prospective Investor(s)**

\_\_\_\_\_  
Signature

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature      *(of spouse or co-investor, if purchase is to be made as joint tenants or as tenants in common)*

Date: \_\_\_\_\_

**EXHIBIT D**

**TRI-CORE COMPANIES LLC  
BUSINESS PLAN**

**CONFIDENTIAL**

D1

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FILE #8337

## **EXHIBIT D**

### **TRI-CORE COMPANIES LLC BUSINESS PLAN**

#### **Mission Statement**

The mission of Tri-Core Companies LLC (the Company) is to purchase virgin beachfront land on the Gulf of California (Sea of Cortez), Sonora, Mexico for either resale or for development.

The specific location the Company has concentrated on is between El Golfo de Santa Clara on the north and Puerto Peñasco (Rocky Point) on the south. This is a distance of about 80 miles and was chosen because of the access the new Coastal Highway has afforded this area. Prior to the new highway, this area was inaccessible except by rugged four-wheel-drive vehicles. The highway now makes this area accessible by automobile for millions of visitors and buyers from the United States.

The Company believes that there will be a major increase in demand for property in this area with the completion of the new coastal highway.

#### **Business Operations**

##### **Ownership and Employees:**

The Company is intended to be a very competitive, highly motivated company with a small number of select key employees. The majority of the day to day responsibilities, planning and development tasks will be performed by the principal/managing partners. All other tasks that cannot be performed on behalf of the company by principals or employees will be done by hired contract services. An example of a hired contract service would be accounting.

##### **Jason Todd Mogler - President and Principal**

Mr. Mogler is a principal partner in Tri-Core Companies LLC, Tri-Core Business Development LLC, Tri-Core Business Development 2 LLC, and Tri-Core Lending, Inc., as well as the President of MyCreditStore dba LenderSquare, Inc. which has been a profitable business since 1997.

Mr. Mogler has an impressive academic resume at Arizona State University where he holds a Bachelor of Science degree with a major in marketing and a minor in psychology. His master studies with Thunderbird American Graduate School of International Management give him an international understanding of business strategies and marketing position. His practical work experience as the Director of

Construction Lending for the Royal Bank of Canada gives him thorough knowledge of construction lending and banking operations.

Mr. Mogler has a very long reputation for honest business practices and fair dealings with all people both personally and professionally.

**Vince Gibbons – Vice-President, Principal, and Director of Development & Engineering**

Mr. Gibbons has over 22 years of civil engineering experience domestically and internationally. His expertise encompasses due diligence, master planning, feasibility studies, design and contract document preparation for private development, commercial, water, transportation, airport, flood control, storm drain, and sewer projects. Additional professional skills include total project management, design build, construction management, shop drawing review, inspection, cost estimates, and budget and schedule control. Mr. Gibbons is proficient in managing multi-disciplined teams and large projects for private developers and public agencies, as well as smaller more detailed oriented projects. He has earned a reputation for being quality conscious, and for "going the extra mile" to complete projects on time and within budget. He has worked on a wide variety of projects in the states of Arizona, Utah, Colorado, Nevada, and New Mexico, and in the countries of Panama and Mexico, and is very familiar with the requirements and criteria of each associated governing entity. This broad experience has provided him with an extensive base of knowledge that allows him to develop innovative and cost effective solutions for a myriad of situations.

Mr. Gibbons has owned and operated Tri-Core Engineering for over 9 years. Tri-Core Engineering currently has offices in Arizona, Colorado, and Nevada and is registered in Panama. With a staff of highly qualified and diversified individuals and professionals, Tri-Core Engineering has the ability to offer its clients a wide range of services and expertise. Mr. Gibbons functions as owner, president, and project manager of various endeavors. He and his staff are committed to ensuring that every project is completed to the highest level of accuracy and completeness, and that each client is provided with the individual attention and service they require.

Tri-Core Engineering's expertise encompasses:

- Agency coordination & Negotiations
- Assurance/Quality Control
- Budget & Schedule Control
- Contractor bidding and negotiations
- Construction oversight & management
- Coordination of sub-consultants
- Drainage plans
- Major Roadway design
- Master plan document creation

- Preliminary lot layout
- Final plat design
- Pro-forma cost estimates

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Tri-Core Engineering is known nationally and internationally for their civil engineering expertise, as well as their diversity of work on master planned communities. Samplings of their national and international projects include the following:

- **El Rio Country Club - Mohave County, Arizona.**

Tri-Core Engineering was the engineering firm of record for this 640-acre master-planned residential golf community in Mohave County, Arizona. This community consists of an 18-hole championship golf course, gated entrances, commercial areas, restaurants, spacious clubhouse facilities, and community swimming pools and spas.

- **Eagle View Subdivision - Kingman, Arizona.**

Tri-Core Engineering was the engineering firm of record for this 113-acre master-planned residential community in Kingman, Arizona.

- **Villages at Loreto Bay, Master Planned Development - Loreto, Mexico.**

Tri-Core Engineering was the engineering firm of record for this 10,000-acre development. This project is in the construction stage, with over \$300 million in sales.

- **Colonias de Cardenas, Master Planned Community - Panama City, Panama.**

Tri-Core Engineering was the engineering firm for the Panama Railroad Company for their Colonias de Cardenas development, a 2,500-acre Master Planned Community. The project is currently at the permit stage.

- **Punta Delfin, Enchantment of Mexico - Sea of Cortez, Sonora, Mexico.**

Mr. Gibbons is both a partner and the engineer of record responsible for the engineering aspect of this development. He is also involved in all aspects of the development process for this high-end master planned community. This community consists of a 790-acre seaside residential golf development and marina, as well as a five-star resort hotel. This project is in the permit stage.

#### **Jim Hinkeldey - Vice-President and Principal**

Jim Hinkeldey possesses thirty-five years of banking and financial experience including portfolio management, joint venture management, and all aspects of the mortgage banking profession for select regional New York banks.

Mr. Hinkeldey headed the Joint Venture division at Richmond Hill Savings Bank in New York. He was responsible for land acquisition through project conclusion which

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

**ERC COMPACTORS LLC**

An Arizona Limited Liability Company

---

**\$1,500,000**

Minimum Offering Amount: \$90,000

\$15,000 per Promissory Note (Unit)

**MINIMUM PURCHASE - 1 Promissory Note**

**24% Annual Rate of Return**

**Maturity Date: 24 months**

**Interest Paid Monthly After a Ninety (90) Day Interest Deferment Period**

**Redemption at Maturity - \$15,900 per Unit (includes deferred interest)**

---

ERC Compactors LLC, an Arizona Limited Liability Company (hereinafter referred to as the "COMPANY"), is offering by means of this Confidential Private Placement Memorandum a minimum of Six (6) and a maximum of One Hundred (100) secured Promissory Notes ("Notes") at an offering price of Fifteen Thousand (\$15,000) Dollars per Note, for a minimum of Ninety Thousand Dollars (\$90,000) and a maximum total of One Million Five Hundred Thousand Dollars (\$1,500,000) to qualified investors who meet the Investor Suitability Requirements set forth herein (see "INVESTOR SUITABILITY REQUIREMENTS"). Each Investor must agree to purchase the Notes, as a lender to the Company, for investment purposes only, and execute a Subscription Agreement in the form contained in the accompanying Subscription Booklet (see "TERMS OF THE OFFERING").

**THESE SECURITIES ARE SPECULATIVE AND INVESTMENT  
IN THE NOTES INVOLVES A DEGREE OF RISK  
(SEE "RISK FACTORS")**

	Offering Price	Selling Commissions	Proceeds to Company
Per Unit	\$15,000	\$1,500	\$13,500
Minimum Units	\$90,000	\$9,000	\$81,000
Maximum Units	\$1,500,000	\$150,000	\$1,350,000

**ERC Compactors LLC**

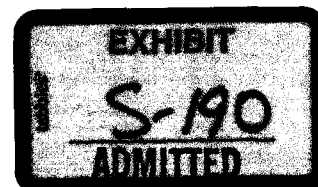
8800 E. Chaparral Road, Suite 270

Scottsdale, AZ 85250

Telephone: (480) 278-7031

Facsimile: (480) 278-8979

The date of this Private Placement Memorandum is August 8, 2011



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**IMPORTANT NOTICES**

This Confidential Private Placement Offering Memorandum ("Memorandum") is submitted to you on a confidential basis solely for the purpose of evaluating the specific transaction described herein. This information shall not be photocopied, reproduced or distributed to others without the prior written consent of ERC Compactors LLC ("Company"). If the recipient determines not to purchase any of the Notes offered hereby, it will promptly return all material received in connection herewith without retaining any copies.

**DISCLAIMERS**

THE NOTES OFFERED HEREBY IN THIS OFFERING MEMORANDUM HAVE NOT BEEN REGISTERED WITH, OR APPROVED, BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, NOR HAVE SUCH NOTES OR THIS MEMORANDUM BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL OF ANY STATE OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE. THIS OFFERING IS BASED ON THE EXEMPTION FROM SUCH REGISTRATION AS SET FORTH IN §4(2) AND RULE 506 OF REGULATION D OF THE SECURITIES ACT OF 1933, AS AMENDED.

THE INVESTMENT DESCRIBED IN THIS MEMORANDUM INVOLVES RISKS, AND IS OFFERED ONLY TO INDIVIDUALS WHO CAN AFFORD TO ASSUME SUCH RISK FOR AN INDEFINITE PERIOD OF TIME AND WHO AGREE TO PURCHASE THE NOTES ONLY FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TOWARD THE TRANSFER, RESALE, EXCHANGE OR FURTHER DISTRIBUTION THEREOF. THERE WILL BE NO PUBLIC MARKET FOR THE NOTES ISSUED PURSUANT TO THIS OFFERING MEMORANDUM. THE RESALE OF THE NOTES ARE LIMITED BY FEDERAL AND STATE SECURITIES LAWS AND IT IS THEREFORE RECOMMENDED THAT EACH POTENTIAL INVESTOR SEEK COUNSEL SHOULD THEY DESIRE MORE INFORMATION.

THE PRICE OF THE NOTES AS DESCRIBED IN THIS OFFERING MEMORANDUM HAS BEEN ARBITRARILY DETERMINED BY THE SPONSORS OF THIS INVESTMENT, AND EACH PROSPECTIVE INVESTOR SHOULD MAKE AN

INDEPENDENT EVALUATION OF THE FAIRNESS OF SUCH PRICE UNDER ALL THE CIRCUMSTANCES AS DESCRIBED IN THE ATTACHED OFFERING MEMORANDUM.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION IN CONNECTION WITH THIS MEMORANDUM, EXCEPT SUCH INFORMATION AS IS CONTAINED OR REFERENCED IN THIS MEMORANDUM. ONLY INFORMATION OR REPRESENTATIONS CONTAINED OR REFERENCED HEREIN MAY BE RELIED UPON AS HAVING BEEN MADE BY THE COMPANY. PROSPECTIVE INVESTORS WHO HAVE QUESTIONS CONCERNING THE TERMS AND CONDITIONS OF THIS PRIVATE OFFERING MEMORANDUM OR WHO DESIRE ADDITIONAL INFORMATION OR DOCUMENTATION TO VERIFY THE INFORMATION CONTAINED HEREIN SHOULD CONTACT THE COMPANY. PROJECTIONS OR FORECASTS CONTAINED IN THIS PRIVATE OFFERING MEMORANDUM, OR OTHER MATERIALS, MUST BE VIEWED ONLY AS ESTIMATES. ALTHOUGH ANY PROJECTIONS CONTAINED IN THIS MEMORANDUM ARE BASED UPON ASSUMPTIONS WHICH THE COMPANY BELIEVES TO BE REASONABLE, THE ACTUAL PERFORMANCE OF THE COMPANY MAY DEPEND UPON FACTORS BEYOND THE CONTROL OF THE COMPANY. NO ASSURANCE CAN BE GIVEN THAT THE COMPANY'S ACTUAL PERFORMANCE WILL MATCH ITS INTENDED RESULTS.

## 1. SUMMARY OF THE OFFERING

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY MORE DETAILED INFORMATION THAT MAY APPEAR ELSEWHERE IN THIS PRIVATE PLACEMENT MEMORANDUM. EACH PROSPECTIVE INVESTOR IS URGED TO READ THIS PRIVATE OFFERING MEMORANDUM IN ITS ENTIRETY.

ERC Compactors LLC (the "Company") was formed on August 3, 2011 as an Arizona Limited Liability Company. The Company is in the business of cardboard recycling on site at commercial properties.

The Securities offered are One Hundred (100) Notes issued by the Company at Fifteen Thousand (\$15,000) Dollars per Note, payable in cash at the time of subscription (see "Exhibit B" for copy of Promissory Note). The minimum purchase is one (1) Note. The Notes have an annual rate of return of Twenty-Four (24%) percent simple interest with a maturity date of Twenty-Four (24) months from the Commencement Date of each Note.

Principal and Interest shall be paid as follows:

Principal: Principal shall be paid at maturity. The maturity date is Twenty-Four (24) months from the Commencement Date of each Note.

Interest: Since there is a delivery period of approximately Ninety (90) days between the equipment purchase date and equipment delivery date, the first Ninety (90) days of interest will be deferred. The deferred interest (\$300 per month or \$900 for 90 days) will be added onto the note's principal amount of \$15,000. The new principal balance of the Note on the Ninety-First (91st) day after the Commencement Date will be Fifteen Thousand Nine Hundred (\$15,900) dollars. Interest will be calculated on the combined amount of Fifteen Thousand Nine Hundred (\$15,900) and will be paid monthly commencing in the Fourth (4<sup>th</sup>) month.

The notes will be secured by the equipment/compactors purchased.

None of the Notes are convertible to Membership Units, or other type of equity, in the Company. The Principal may be prepaid, at the sole discretion of the Company, without a prepayment penalty. This offering will commence on August 8, 2011, and will terminate no later than August 7, 2012, unless extended by the Company (see "TERMS OF THE OFFERING").

The gross proceeds of the offering will be a minimum of Ninety Thousand (\$90,000) Dollars and a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars. The use of the proceeds is to purchase compactor equipment to be installed at commercial locations (see "USE OF PROCEEDS").

## 2. THE COMPANY

ERC Compactors LLC (the "Company") was formed in August 3, 2011, as an Arizona Limited Liability Company. At the date of this offering, One Thousand (1,000) of the Company's Membership Units were authorized, issued and outstanding. The Company is in the business of recycling.

## **2.1 OPERATIONS**

ERC Compactors LLC is a new division of ERC which acquired C&D Construction Services Corporation. C&D Construction Services has been in recycling business for over ten years.

While ERC Compactors LLC is a new divisional venture and has yet to commence operations, it is in the same business and augments the company's recycling business. ERC Compactors LLC will supply a new source of commodities from new accounts such as strip malls.

For a complete discussion on the company's philosophy and operations, please see "Exhibit D - it's business plan".

## **2.2 BUSINESS PLAN**

ERC of Nevada LLC's business plan, included as Exhibit D of this Memorandum, was prepared by the Company using assumptions set forth in the Business Plan, including several forward looking statements. Each prospective investor should carefully review the business plan before purchasing Notes. Management makes no representations as to the accuracy or achievability of the underlying assumptions and projected results contained herein.

## **3. MANAGEMENT**

### **3.1 LLC MANAGERS**

The success of the company is dependent upon the services and expertise of existing management. At the present time, the following individuals are actively involved in the management of the Company:

#### **Jason Todd Mogler - President and Principal**

Jason Todd Mogler, partner of Tri-Core Companies, has twenty plus years of marketing experience in both domestic and international markets.

An Arizonan native, his family has been in the construction business since 1940 his grandfather Roger Krants was a general contractor who completed several major commercial and residential ventures. You could say that development is in Jason's blood since blood.

Jason's practical work experience include the position of Director of Construction Lending for Republic Mortgage, and the Director of Construction Lending for the prestigious Royal Bank of Canada, his extensive work experience gives him thorough knowledge of construction lending and banking operations.

Mr. Mogler has an impressive academic resume at Arizona State University where he holds a Bachelor of Science degree with a major in marketing and a minor in psychology. His master studies with Thunderbird American Graduate School of International Management give him an international understanding of business strategies and marketing position.

Jason has also been celebrated for his philanthropy with numerous organizations both in Arizona and throughout the country. Mr. Mogler has a very long reputation for honest business practices and fair dealings with all people both personally and professionally.

**Peter A. Salazar: Chief Executive Officer:**

Bachelor In Environmental Science - 2000

2000 - Founder of C&D Construction Services Inc - Construction Clean Up Company

2001- Co-Founder with Brother Luis Salazar of Starwood Lumber Products - Dimensional Lumber Products

2002 - Expanded C&D Construction Services Inc - Roll Off Division

2003 - Founder of Liberty Salvage Materials - Recycling Division of C&D Construction Services Inc.

2008 - 2010 - Nevada Recyclers Association - President

2009 - Liberty Salvage Materials - Environmental Business Journal - Achievement Award

**Jim Hinkeldey - Vice President and Principal**

Jim Hinkeldey possesses thirty-five years of banking and financial experience including portfolio management, joint venture management, and all aspects of the mortgage banking profession for select regional New York banks.

Mr. Hinkeldey spearheaded the Joint Venture division at Richmond Hill Savings Bank in New York. He was responsible for land acquisition through project conclusion which included the delivery of completed developments in a timely and cost efficient, profitable manner.

Mr. Hinkeldey also managed a mortgage backed portfolio. He successfully rearranged the structure of the portfolio to meet asset/liability re-pricing demands. His concept creation resulted in a portfolio that meet re-pricing sensitivity models while delivering positive bottom line results.

Mr. Hinkeldey's business philosophy is based on total enterprise engagement, accountability, and the deliverability of profitable projects. Mr. Hinkeldey's philosophy is that the client and his investment or requirements come first and are paramount to each success.



## **4. TERMS OF THE OFFERING**

### **4.1 GENERAL TERMS OF THE OFFERING**

This Private Offering Memorandum is offering a minimum of Six (6) and a maximum of One Hundred (100) Notes at Fifteen Thousand (\$15,000) Dollars per Note, for a minimum of Ninety Thousand (\$90,000) Dollars and a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars to a select group of Investors who satisfy the Investor Suitability Requirements (see "INVESTOR SUITABILITY REQUIREMENTS"). The Company has the authority to sell fractional Notes at its sole discretion. The Company has set a minimum offering proceeds figure of \$90,000 (the "minimum offering proceeds") for this Offering.

### **4.2 MINIMUM OFFERING AMOUNT - HOLDING ACCOUNT**

The Company has established an Investment Holding Account with Wells Fargo Bank, into which the minimum offering proceeds will be placed. At least Six (6) Notes must be sold for \$90,000 before such proceeds will be released from the holding account and utilized by the Company. After the minimum number of Notes is sold, all subsequent proceeds from the sale of Notes will be delivered directly to the Company.

### **4.3 NONTRANSFERABILITY OF NOTES**

The Notes have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), and are being offered in reliance upon an exemption under §4(2) and Rule 506 of Regulation D of the Securities Act, as amended, and rules and regulations hereunder. The Notes have not been registered under the securities laws of any state and will be offered pursuant to an exemption from registration in each state. A purchaser may transfer or dispose of the Note only if such Notes are subsequently registered under the Securities Act, or if an exemption from registration is available, and pursuant to an opinion of counsel acceptable to the Company and its counsel to the effect that the Notes may be transferred without violation of the registration requirements of the Securities Act or any other securities laws.

### **4.4 CLOSING OF THE OFFERING**

The Notes are offered and closed only when a properly completed Subscription Agreement (Exhibit A); Note (Exhibit B), and Investor Questionnaire (Exhibit C) are submitted by the investing Subscriber or his/her Investor Representatives and are received and accepted by the Company. The Subscription Agreement as submitted by an investing Subscriber or his/her Investor Representatives shall be binding once the Company signs the Subscription Agreement, Note and the funds delivered by the potential investor to the Company with the Subscription Agreement has been cleared by the financial institution in which they are deposited by the Company. The Notes will be delivered to qualified investors upon acceptance of their subscriptions. All funds collected from investing subscribers will be deposited in a designated account under the control of the Company. Investors subscribing to the Notes may not withdraw or revoke their subscriptions at any

time prior to acceptance by the Company, except as provided by certain state laws, or if more than Twenty (20) days have passed after receipt of the Subscription Agreement by the Company without the Company accepting the Investor's funds and delivering all applicable documents to such Investor. The proceeds of this Offering will be used only for the purpose set forth in this Private Offering Memorandum (see "USE OF PROCEEDS").

The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon reaching the minimum offering amount of Ninety Thousand (\$90,000) Dollars.

2. Upon receipt of the maximum Offering subscription amount of One Million Five Hundred Thousand (\$1,500,000) Dollars.

3. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding Twenty (20) days thereafter to which the Company, in its sole discretion, may extend this Offering.

## **5. PLAN OF DISTRIBUTION**

### **5.1 OFFERING OF NOTES**

The Notes will be offered to prospective lenders by Officers and Directors of the Company and qualified licensed personnel, pursuant to State and Federal security rules and regulations. This Offering is made solely through this Private Placement Memorandum and without any form of general solicitation or advertising. The Company and its Officers and Directors or other authorized personnel will use their best efforts during the Offering period to find eligible Investors who desire to subscribe to the Notes in the Company. These Notes are offered on a "best efforts" basis, and there is no assurance that any or all of the Notes will be closed. The Company has the authorization to offer fractional Notes at its sole discretion. The Offering period will begin as of the date of this private Offering Memorandum and will close upon the happening of such occurrences as defined herein (see "TERMS OF THE OFFERING").

### **5.2 PAYMENTS TO BROKER DEALERS OR INVESTMENT ADVISORS**

The Company has the power to pay fees or commissions to qualified Broker Dealers, Registered Investment Advisors or any other person qualified under other applicable federal and state security laws.

## **6. DESCRIPTION OF NOTES**

### **6.1 NOTES**

The Company is offering One Hundred (100) Notes of the Company to potential investors at Fifteen Thousand (\$15,000) Dollars per Note, payable in cash at the time of the subscription. The minimum purchase is one (1) note. The Notes will have an annual rate of return of Twenty-Four (24%) percent simple interest over the term thereof, with a maturity date of Twenty-Four (24) months from the Commencement Date of each Note.

Principal and Interest shall be paid as follows:

Principal: Principal shall be paid at maturity. The maturity date is Twenty-Four (24) months from the Commencement Date of each Note.

Interest: Since there is a delivery period of approximately Ninety (90) days between the equipment purchase date and equipment delivery date, the first Ninety (90) days of interest will be deferred. The deferred interest (\$300 per month or \$900 for 90 days) will be added onto the note's principal amount of \$15,000. The new principal balance of the Note on the Ninety-First (91) day after the Commencement Date will be Fifteen Thousand Nine Hundred (\$15,900) dollars. Interest will be calculated on the combined amount of Fifteen Thousand Nine Hundred (\$15,900) dollars and will be paid monthly commencing in the Fourth (4<sup>th</sup>) month.

The notes will be secured by the equipment/compactors purchased.

The principal and any interest due on said principal may be prepaid at the sole discretion of the Company, without a prepayment penalty.

The Notes will be issued in the form attached hereto and incorporated herein by reference as though set forth in full herein as **Exhibit B**.

### **6.2 SECURITY FOR PAYMENT OF THE NOTES**

The Notes being offered by the Company in this Private Placement Offering will be secured by the equipment/compactors purchased.

### **6.3 REPORTS TO NOTEHOLDERS**

The Company will furnish annual unaudited reports to its Note holders ninety (90) days after its fiscal year. The Company may issue other interim reports to its Note holders as it deems appropriate. The Company's fiscal year ends on December 31<sup>st</sup> of each year.

## **7. USE OF PROCEEDS**

The gross proceeds of the Offering will be a minimum of Ninety Thousand (\$90,000) Dollars and a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars. The table below sets forth the use of proceeds for both the maximum and minimum offering amounts.

### Sources

	Maximum Amount	Percent of Proceeds	Minimum Amount	Percent of Proceeds
Proceeds From Sale of Notes	\$1,500,000	100%	\$90,000	100%

### Application of Proceeds

Offering Expenses (1)	\$ 5,000	0.33%	\$ 5,000	5.56%
Commissions (2)	\$ 150,000	10.00%	\$ 9,000	10.000%
Total Offering Expenses & Fees	\$ 155,000	10.33%	\$ 14,000	15.56%
Net Offering Proceeds (3)	\$ 1,345,000	89.67%	\$ 76,000	84.44%
Total Application of Proceeds	\$ 1,500,000	100%	\$ 90,000	100%

### Footnotes:

(1) Includes estimated memorandum preparation, filing, printing, legal, accounting and other fees and expenses related to the Offering

(2) This Offering is being sold by the officers and directors of the Company, who will not receive any compensation for their efforts. No sales fees or commissions will be paid to such officers or directors. Notes may be sold by registered brokers or dealers who are members of the NASD and who enter into a Participating Dealer Agreement with the Company. Such brokers or dealers may receive commissions up to ten percent (10%) of the price of the Notes sold.

(3) Net offering proceeds available for the purchase of compactors/equipment.

## 8. CAPITALIZATION STATEMENT

### 8.1 CAPITALIZATION PRIOR TO AND AFTER THE OFFERING

The following table summarizes the capitalization of the Company prior to, and as adjusted to reflect, the issuance and sale of the maximum of One Hundred (100) Notes or One Million Five Hundred Thousand (\$1,500,000) Dollars.

	AS ADJUSTED 08/03/2011	AFTER THE OFFERING
Notes	<u>-0-</u>	<u>\$1,500,000</u>
Membership Units \$.10 par value, 1,000 Units authorized, 1000 Units issued and outstanding	\$100	\$100
Net Members Equity	\$100	\$100
TOTAL CAPITALIZATION	<u>\$100</u>	<u>\$1,500,100</u>

## 9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### 9.1 RESULTS OF OPERATIONS

The Company has yet to commence compactor operations.

### 9.2 LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity and capital resources are dependent on its ability to raise sufficient capital to pay for the purchase price of the Promissory Notes.

## 10. CERTAIN TRANSACTIONS

### 10.1 ARIZONA LIMITED LIABILITY CORPORATION

ERC Compactors LLC is a privately held Arizona Limited Liability Company, formed on August 3, 2011.

### 10.2 PRIVATE OFFERING OF NOTES

The Company is authorized to offer in this private offering, up to One Million Five Hundred Thousand (\$1,500,000) Dollars of Notes to selected investors, effective on August 8, 2011.

## **11. FIDUCIARY RESPONSIBILITIES OF THE DIRECTORS AND OFFICERS OF THE COMPANY**

### **11.1 GENERAL**

The Officers and Directors of the Company are accountable to the Company as fiduciaries and such Officers and Directors are required to exercise good faith and integrity in managing the Company's affairs and policies. Each Note holder of the Company, or their duly authorized representative, may inspect the books and records of the Company at any time during normal business hours. A Note holder may be able to bring an action on behalf of himself in the event the Note holder has suffered losses in connection with the purchase or sale of the Note(s) in the Company, due to a breach of fiduciary duty by an Officer or Director of the Company, in connection with such sale or purchase, including the misrepresentation or misapplication by any such Officer or Director of the proceeds from the sale of these Notes, and may be able to recover such losses from the Company.

### **11.2 INDEMNIFICATION**

Indemnification is permitted by the Company to directors, officers or controlling persons pursuant to Arizona law. Indemnification includes expenses, such as attorneys' fees and, in certain circumstances, judgments, fines and settlement amounts actually paid or incurred in connection with actual or threatened actions, suits or proceedings involving such person and arising from their relationship with the Company, except in certain circumstances where a person is adjudged to be guilty of gross negligence or willful misconduct, unless a court of competent jurisdiction determines that such indemnification is fair and reasonable under the circumstances.

## **12. RISK FACTORS**

THIS INVESTMENT INVOLVES A DEGREE OF RISK. AN INDIVIDUAL CONTEMPLATING INVESTMENT IN THIS OFFERING SHOULD GIVE CAREFUL CONSIDERATION TO THE ELEMENTS OF THE RISK SUMMARIZED BELOW, AS WELL AS THE OTHER RISK FACTORS IDENTIFIED ELSEWHERE IN THIS PRIVATE OFFERING MEMORANDUM.

### **12.1 FORMATION OF THE COMPANY**

The Company was formed on August 3, 2011. It is therefore subject to all the risks inherent in the creation of a new Company. Unforeseen expenses, complications and delays may occur with a new Company.

## **12.2 CONTROL BY COMPANY**

After completion of this offering, the Company will own one hundred percent (100%) of the issued and outstanding Membership Units. Such ownership will enable the Company to continue to elect all the Managers and to control the Company's policies and affairs. The Note holders will not have any voting rights in the Company.

## **12.3 RELIANCE ON THE COMPANY FOR MANAGEMENT**

All decisions with respect to the management of the Company will be made exclusively by the Managers of the LLC. The Note holders do not have the right or power to take part in the management of the Company. Accordingly, no person should purchase a Note unless he is willing to entrust all aspects of the management of the Company to existing Management.

## **12.4 LIMITED TRANSFERABILITY OF THE NOTES**

The transferability of the Notes in this offering are limited, and potential investors should recognize the nature of their investment in the offering. It is not expected that there will be a public market for the Notes because there will be only a limited number of investors and restrictions of the transferability of Notes. The Notes have not been registered under the Securities Act of 1933, as amended, or qualified or registered under the securities laws of any state and, therefore, the Notes cannot be resold unless they are subsequently so registered or qualified or an exemption from such registration is available. The offering also contains restrictions on the transferability of the Notes. Accordingly, purchasers of Notes will be required to hold such Notes to maturity unless otherwise approved by the Company. The Company does not intend to register the Notes under the Securities Act of 1933.

## **12.5 CAPITALIZATION OF THE COMPANY**

Prior to this offering, the Company was funded by its principals. Independent of the amounts raised in this offering, presently the Company does not have any other assets available to use to pay principal or interest on the Notes.

## **12.6 REGULATIONS**

The Company is subject to various federal and state laws, rules and regulations. The Company believes it is in full compliance with any and all applicable laws, rules and regulations.

## **12.7 U.S. ECONOMY**

The Company is subject to the U.S. Economy and its effect on consumer confidence and spending.

## **12.8 FORCE MAJEURE**

Neither party shall be liable in damages or have the right to terminate this Agreement for any delay or default in performing hereunder if such delay or default is caused by conditions beyond its control including, but not limited to Acts of God, Government restrictions (including the denial or cancellation of any export or other necessary license), wars, Insurrections and/or any other cause beyond the reasonable control of the party whose performance is affected.

## **13. PRINCIPAL SHAREHOLDERS**

As of the date of this Offering, the Company has One Thousand (1,000) Membership Units issued and outstanding to Jason Todd Mogler and James Hinkeldey.

## **14. HOW TO INVEST**

An Investor who meets the qualifications as set forth in this Private Offering Memorandum may subscribe for at least the minimum purchase herein of One (1) Note (Fifteen Thousand (\$15,000) Dollars) by carefully reading this entire Private Offering Memorandum and by then completing and signing a separately bound booklet. This booklet contains identical copies of the following exhibits contained in the Private Offering Memorandum, including:

- Exhibit A     INSTRUCTIONS TO SUBSCRIBERS and SUBSCRIPTION AGREEMENT: This contains complete instructions to Subscribers and should be read in its entirety by the prospective Investor prior to investing. The Subscription Agreement must be signed by the Investor.
- Exhibit B     PROMISSORY NOTE: This Note will be signed by ERC Compactors LLC.
- Exhibit C     INVESTOR QUESTIONNAIRE: This questionnaire requires a Subscriber to complete a financial history in order to aid the Company in the determination of the suitability of the Subscriber as a potential Investor. This questionnaire must be signed by the Investor.
- Exhibit D     ERC Nevada LLC Business Plan

Copies of all the above referenced documents are included with this Private Placement Memorandum. For discussion of the actions of the Company upon receipt of a properly completed request to invest by a Subscriber, please see "TERMS OF THE OFFERING." Such Investor should include his check made payable to ERC



COMPACTORS LLC, along with the SUBSCRIPTION AGREEMENT, NOTE, AND INVESTOR QUESTIONNAIRE. Delivery of the documents referred to above, together with a check to the Company should be addressed to the Company as follows: ERC Compactors LLC, 8800 E. Chaparral Road., Suite 270, Scottsdale, AZ 85250.

## **15. INVESTOR SUITABILITY REQUIREMENTS**

### **15.1 INTRODUCTION**

Potential Investors should have experience in making investment decisions or such Investors should rely on their own tax consultants or other qualified investment advisors in making this investment decision.

### **15.2 GENERAL SUITABILITY**

Each potential Investor will be required to represent the following by execution of a Subscription Agreement:

1. The Investor has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in this Offering.
2. The Investor has the ability to bear the economic risk of this investment, has adequate means to provide for his, her or its current needs and personal contingencies, has no need for liquidity in this investment and could afford the complete loss of the investment.
3. The Investor is acquiring the Note(s) for his, her or its own account for investment purposes only and not with a view toward subdivision, resale, distribution or fractionalization thereof, or for the account of others, and has no present intention of selling or granting any participation in, or otherwise distributing, the Note(s).
4. The Investor's overall commitment to invest in the Note(s) is not disproportionate to his, her or its net worth and the investment in these Note(s) will not cause such overall commitment to become excessive.
5. The Investor has read and understands this Private Placement Memorandum and all its exhibits.

### **15.3 NONACCREDITED INVESTORS**

Up to and including thirty-five (35) investing Subscribers may be accepted by the Company as suitable Investors if each such Subscriber has a net worth sufficient to

bear the risk of losing his entire investment and meets the above "General Suitability Standards."

#### **15.4 ACCREDITED INVESTORS**

In addition to satisfying the "General Standards" as defined above, all but thirty-five (35) Subscribers for Shares must each satisfy one of the "Accredited Investors" economic suitability standards as defined below:

1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds Five Hundred Thousand (\$500,000) Dollars;

2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of One Hundred Thousand (\$100,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;

3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

4. Any private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940);

5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;

6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

8. Any entity in which all of the equity owners are Accredited Investors.

NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.

#### **15.5 ACCEPTANCE OF SUBSCRIPTION AGREEMENT BY THE COMPANY**

The Investor Suitability Requirements referred to in this section represent minimum requirements for potential Investors. Satisfaction of these standards does not necessarily mean that participation in this Offering constitutes a suitable investment for such a potential Investor or that the potential Investors' Subscription will be accepted by the Company. The Company may, in fact, modify such requirements as circumstances dictate. All Subscription Agreements submitted by potential Investors will be carefully reviewed by the Company to determine the suitability of the potential Investor in this Offering. The Company may, in its sole discretion, refuse a Subscription in this Offering to any potential Investor who does not meet the applicable Investor Suitability Requirements or who otherwise appears to be an unsuitable Investor in this Offering. The Company will not necessarily review or accept a Subscription Agreement in the sequential order in which it is received. The Company also has the discretion to maximize the number of Accredited Investors in this Offering and, as a result, may accept less than thirty-five (35) Non-accredited Investors in this Offering.

#### **16. LITIGATION**

The Company and its Managers have no lawsuits pending, no legal actions pending or judgments entered against the Company or Managers and, to the best knowledge of the Company, no legal actions are contemplated against the Company and/or its Managers.

#### **17. ADDITIONAL INFORMATION**

Reference materials described in this Private Offering Memorandum are available for inspection at the office of the company during normal business hours. It is the intention of the Company that all potential Investors are given full access to such information for their consideration in determining whether to purchase the Notes being offered. Prospective Investors should contact the Company for access to information regarding the matters set

forth or other information concerning the Company. Representatives of the Company will also answer all inquiries from potential Investors concerning the Company and any matters relating to its proposed operations or present activities. The Company will afford potential Investors and their representatives the opportunity to obtain any additional information reasonably necessary to verify the accuracy or the source of any representations or information contained in this Private Offering Memorandum. All contracts entered into by the Company are subject to modifications and the Company may make any changes in any such contracts as deemed appropriate in its best discretion. Such recent amendments may not be circulated to Subscribers prior to the time of closing this Offering. However, potential Investors and their representatives may review such material or make inquiry of the Company concerning any of these and any other matters of interest.

## **18. FORECASTS OF FUTURE OPERATING RESULTS**

Any forecasts and proforma financial information which may be furnished by the Company to prospective Investors or which are part of the Company's business plan, are for illustrative purposes only and are based upon assumptions made by Management regarding hypothetical future events. There is no assurance that actual events will correspond with the assumptions or that factors beyond the control of the Company will not affect the assumptions and adversely affect the illustrative value and conclusions of any forecasts.

## **19. GLOSSARY OF TERMS**

The following terms used in this Memorandum shall (unless the context otherwise requires) have the following respective meanings:

**ACCEPTANCE.** The acceptance by the Company of a prospective investor's subscription.

**ACCREDITED INVESTORS.** Those investors who meet the criteria set forth in "INVESTOR SUITABILITY REQUIREMENTS."

**BROKER-DEALER.** A person or firm licensed with the NASD, the SEC and with the securities or corporate commissions department of the state in which it sells investment securities and who may employ licensed agents for that purpose.

**COMPANY.** Refers to ERC COMPACTORS LLC, an Arizona Limited Liability Company.

**NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. (NASD).** A self-regulating body which licenses brokers and dealers handling securities offerings, reviews the terms of an offering's underwriting arrangements and

advertising literature and, while not a governmental agency, acts as a review service watchdog to make sure that its regulations and those of the SEC are followed for the Investor's protection in offerings of securities.

**NOTES.** A Fifteen Thousand (\$15,000) Dollar investment consisting of one (1) Promissory Note issued by **ERC COMPACTORS LLC**, an Arizona Limited Liability Company.

**SECURITIES ACT OF 1933.** A federal act regulated and enforced by the SEC that requires, among other things, the registration and use of a prospectus whenever a security is sold (unless the security or the manner of the Offering is expressly exempt from such registration process).

**SECURITIES EXCHANGE ACT OF 1934.** A federal act regulated and enforced by the SEC which supplements the Securities Act of 1933 and contains requirements which were designed to protect investors and to regulate the trading (secondary market) of securities. Such regulations require, among other things, the use of prescribed proxy statements when investors' votes are solicited; the disclosure of management and large shareholders' holding of securities; controls on the resale of such securities; and periodic (monthly, quarterly, annually) filing with the SEC of financial and disclosure reports of the Issuer.

**SECURITIES AND EXCHANGE COMMISSION (SEC).** An independent United States government regulatory and enforcement agency which supervises investment trading activities and registers companies and those securities which fall under its jurisdiction. The SEC also administers statutes to enforce disclosure requirements that were designed to protect investors in securities offerings.

**SUBSCRIPTION DOCUMENTS.** Consists of the Note, Subscription Agreement, Investor Questionnaire and a check as payment for the Note(s) to be purchased submitted by each prospective Investor to the Company.

**TERMINATION DATE.** The earlier to occur of the date on which all Notes are sold or August 7, 2012.

*(the remainder of this page has been intentionally left blank)*

20. ACKNOWLEDGMENT

By signing below, the undersigned acknowledges that he/she has read and understood this entire Private Placement Memorandum.

Douglas R. Dunn  
Signature

10/25/2011  
Date

DOUGLAS R. DUNN  
Douglas R. Dunn  
Print Name

Janine L. Dunn  
Signature

10/25/11  
Date

Janine L. Dunn  
Print Name

**EXHIBIT A**  
**SUBSCRIPTION AGREEMENT**

Print Name of Subscriber: The Douglas R. and Janine L. Dunn Trust

Amount Loaned: \$90,000.00

Number of Notes: 6

**ERC COMPACTORS LLC**

**SUBSCRIPTION DOCUMENTS**

**OFFERING OF A MINIMUM OF SIX (6)  
AND A  
MAXIMUM OF ONE HUNDRED (100)  
SECURED PROMISSORY NOTES**

**FIFTEEN THOUSAND (\$15,000) DOLLARS PER NOTE**

**AUGUST 8, 2011**

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**SUBSCRIPTION INSTRUCTIONS**  
(please read carefully)

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Each subscriber for the secured Promissory Notes, Fifteen Thousand (\$15,000) Dollars per Note (the "Notes") of ERC Compactors LLC, an Arizona Limited Liability Company ("the Company"), must complete and execute the Subscription Documents in accordance with the instructions set forth below. The completed documents should be sent to ERC Compactors LLC, 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250.

**Payment for the Securities should be made by check payable to the Company and enclosed with the documents as directed in Section III below.**

- I. These Subscription Documents contain all of the materials necessary for you to purchase the Notes. This material is arranged in the following order:
  - Subscription Agreement
  - Promissory Note
  - Confidential Prospective Purchaser's Questionnaire
- II. All investors must complete in detail, date, initial, and sign the Subscription Documents where appropriate. All applicable sections must be filled in.
- III. Payment for the Notes must be made by check as provided below:

Please make your check payable, in the appropriate amount, for the number of Notes purchased (at Fifteen Thousand (\$15,000) per Note), to "ERC Compactors LLC". Your check should be enclosed with your signed subscription documents.

All funds received from subscribers will be placed in a segregated Holding Account of the Company. Once the minimum offering amount has been reached the funds will be transferred to the Company's operating account and will be available for use.

#### IV **SPECIAL INSTRUCTIONS**

**FOR CORPORATIONS.** Include copy of Board resolution designating the corporate officer authorized to sign on behalf of the corporation, a Board resolution authorizing the investment, and financial statements.

**FOR PARTNERSHIPS.** Provide a complete copy of the partnership agreement, questionnaire, and financial statements for each General Partner.

**FOR TRUSTS.** Provide a complete copy of the instruments or agreements creating the trust, as amended to date.

**Print Name of Subscriber:** The Douglas R. and Janine L. Dunn Trust

**Amount Loaned:** \$90,000.00

**Number of Notes:** 6

**Subscription Agreement**

To: ERC Compactors LLC  
8800 E. Chaparral Road  
Suite 270  
Scottsdale, AZ 85250

Gentlemen:

1. **Subscription.** The undersigned hereby subscribes for 6 Notes of ERC Compactors LLC (the "Company"), an Arizona Limited Liability Company, and agrees to loan to the Company Fifteen Thousand (\$15,000) Dollars per Note for an aggregate loan of \$90,000.00 (the "Loan Amount") upon the terms and subject to the conditions (a) set forth herein, and (b) described in the Confidential Private Placement Memorandum ("Private Placement Memorandum") dated August 8, 2011 together with all exhibits thereto and materials included therewith, and all supplements, if any, related to this offering. The minimum loan is Fifteen Thousand (\$15,000) Dollars, but the Company has the discretion to offer fractional Notes for loans less than the minimum.

2. **Note Offering.** The Company is offering a minimum of Six (6) and up to a maximum of One Hundred (100) Notes at Fifteen Thousand (\$15,000) Dollars per Note, with a minimum subscription of one (1) Note (the "Offering"). The minimum aggregate loan to the Company will be Ninety Thousand (\$90,000) Dollars and the maximum aggregate loan to the Company from this Offering will be One Million Five Hundred Thousand (\$1,500,000) Dollars. The Offering is being made to a limited number of investors pursuant to an exemption available under the Securities Act of 1933 (the "Act"), specifically Rule 506 promulgated under Regulation D, and under certain other laws, including the securities law of certain states.

3. **Documents to be Delivered.** The undersigned is delivering to the Company executed copies of this Subscription Agreement (the "Agreement"), the Note(s), Offeree Questionnaire, and all other applicable exhibits and documents (the "Subscription Documents"). The Subscription Documents should be delivered to ERC Compactors LLC, at 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250. The undersigned understands and agrees that he or it will not become a "Holder" of the Note(s) and the Company shall not become a "Maker" of the Note(s) unless and until the Agreement and Note(s) are executed by the Company.

**4. Making of Loan Amount.** The undersigned, simultaneously with the delivery of the Subscription Documents to the Company, hereby tenders to the Company the Loan Amount by check made payable to the order of ERC Compactors LLC in the amount indicated above.

**5. Acceptance or Rejection of Subscription.** The undersigned understands and agrees that the Company reserves the right, exercisable in its sole discretion, to accept or reject any subscription, in whole or in part, for any reason and that the undersigned will be notified by the Company as promptly as practicable as to whether his or its subscription has been accepted or rejected. If the undersigned's subscription is accepted, in whole or in part, by the Company, the Company will execute this Agreement and the Note(s) and return them to the undersigned. If this subscription is rejected by the Company, either in whole or in part, all funds, in the case of a rejection of the subscription in whole, or those funds representing the amount of the subscription not accepted by the Company, in the case of a rejection of the subscription in part, will be returned to the undersigned as promptly as practicable. If this subscription is rejected in whole by the Company, this Agreement shall be null, void and of no effect. The undersigned does not have the right to withdraw or revoke his or its subscription during the Offering period, except as provided by certain state laws, except that if more than Twenty (20) days shall have passed from the date the Company received completed and executed Subscription Documents and the Loan Amount from the undersigned (the "Acceptance Period"), and the Company has not accepted the subscription during the Acceptance Period, the undersigned may withdraw his or its subscription at any time after the Acceptance Period up until such time that the Company subsequently decides, in its sole discretion, to accept the subscription in whole or in part.

**6. Offering Period.** The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon reaching the minimum offering amount of Ninety Thousand (\$90,000) Dollars.

2. Upon receipt of the maximum Offering subscription amount of One Million Five Hundred Thousand (\$1,500,000) Dollars.

3. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding Twenty (20) days thereafter to which the Company, in its sole discretion, may extend this Offering.

**7. Closing of the Loan.** The Note(s) subscribed for herein shall not be deemed made by the Company or held by the undersigned until this Agreement and the Note(s) have been countersigned by the Company, and until the funds delivered by the undersigned to the Company with the Subscription Documents have been deposited in the Holding Account and have been cleared by the applicable bank of the Company (the

"Effective Date"). Upon the Effective Date, (a) the undersigned shall have loaned to the Company the Loan Amount, (b) the undersigned shall become the Holder and the Company shall become the Maker of the Note(s) subscribed for by the undersigned, and (c) both the undersigned and the Company shall be bound by the terms of the Private Placement Memorandum and the Subscription Documents and any other undertakings described herein.

#### **8. Representations and Warranties.**

(a) The Company hereby represents and warrants as follows:

(i) The Company is a Limited Liability Company duly organized, validly existing and in good standing under the laws of the State of Arizona and has the requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted;

(ii) This Agreement constitutes the valid and binding obligation of the Company enforceable against the Company in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws from time to time in effect which affect creditor's rights generally and by legal and equitable limitations on the availability of specific performance and other equitable remedies under or by virtue of this Agreement). The Company has all requisite power and authority, corporate and other, to execute and deliver this Agreement and the Note(s) and to consummate the transactions contemplated hereby. All persons who have executed this Agreement and the Note(s) on behalf of the Company have been duly authorized to do so by all necessary corporate action. Neither the execution and delivery of this Agreement and the Note(s) nor the consummation of the transactions contemplated hereby will (A) violate any provision of the Certificate of Incorporation or Operating Agreement of the Company, as currently in effect; (B) violate any judgment, order, injunction, decree or award against, or binding upon, the Company or the securities, assets, properties, operations or business of the Company; or (C) violate any law or regulation applicable to the Company or to the securities, assets, properties, operations or business of the Company.

(b) In order to induce the Company to accept the subscription made hereby, the undersigned hereby represents and warrants to the Company as follows:

(i) The undersigned has received the Private Placement Memorandum and the Subscription Documents. The undersigned has read and understands the Private Placement Memorandum and Subscription Documents and the information contained in those documents concerning the Company and this Offering or has caused his or its representative to read and examine the Private Placement Memorandum and Subscription Documents. The undersigned has relied only on the information about the Company contained in these documents and his or its own independent investigation in making his or its subscription. The undersigned

understands that the Notes will be issued with the rights and subject to the conditions described in the Private Placement Memorandum and Subscription Documents;

(ii) The undersigned is familiar with the terms and conditions of the Offering and is aware that his or its investment involves a degree of risk and the undersigned has read the section in the Private Placement Memorandum titled "Risk Factors."

(iii) The undersigned hereby specifically accepts and adopts each and every provision of this Agreement and acknowledges and agrees with each and every provision of this Agreement and, upon acceptance by the Company of the subscription made hereby, agrees to be bound by such provisions.

(iv) The undersigned acknowledges and is aware that there is no assurance as to the future performance of the Company.

(v) The undersigned, if an individual (A) has reached the age of majority in the state in which he resides and (B) is a bona fide resident and domiciliary (not a temporary or transient resident) of the state set forth below his signature on the signature page hereof and has no present intention of becoming a resident of any other state or jurisdiction. The undersigned, if a partnership, corporation, limited liability company, trust or other entity, was organized or incorporated under the laws of the jurisdiction set forth below the signature made on its behalf on the signature page hereof and has no present intention of altering the jurisdiction of its organization, formation or incorporation.

(vi) The undersigned has the financial ability to bear the economic risk of an investment in the Offering, has adequate means of providing for his or its current needs and personal contingencies, has no need for liquidity in the Note(s) and could afford a complete loss of his or its investment in the Offering.

(vii) The undersigned represents and warrants to the Company that he or it comes within one of the categories of investors as defined in Exhibit 1 hereto *(please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity).*

(viii) The undersigned has been given the opportunity to review the merits of an investment in the Offering with tax and legal counsel or with an investment advisor to the extent the undersigned deemed advisable.

(ix) The undersigned's overall commitment to invest in the Note(s), which are not readily marketable, is not disproportionate to his or its net worth and his or its investment in the Offering will not cause such overall commitment to become excessive.

(x) The undersigned has such knowledge and experience in financial and business matters that he or it is capable of evaluating the merits and risks of an investment in the Offering.

(xi) The undersigned has been given a full opportunity to ask questions of and to receive (A) answers from the Company and its Managers concerning the terms and conditions of this Offering and the business of the Company and (B) such other information as he or it desired in order to evaluate an investment in the Offering, and all such questions have been answered to the full satisfaction of the undersigned. No oral or written representations have been made or oral or written information furnished to the undersigned or the undersigned's advisors in connection with the Offering or interests that were in any way inconsistent with this Subscription Agreement. The undersigned is not participating in the Offering as a result of or subsequent to: (1) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television, radio or the internet or (2) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

(xii) If the undersigned is a corporation, limited liability company, partnership, trust or other entity, it is authorized and qualified to make this loan to the Company and the person signing this Agreement on behalf of such entity has been duly authorized by such entity to do so.

(xiii) If the undersigned is a corporation, limited liability company or partnership, the person signing this Agreement on its behalf hereby represents and warrants that the information contained in this Agreement completed by any shareholders of such corporation, members of such limited liability company or partners of such partnership is true and correct with respect to such shareholder, member or partner (and if any such shareholder is itself a corporation, limited liability company or partnership, with respect to all persons having an equity interest in such corporation, limited liability company or partnership, whether directly or indirectly) and that the person signing this Agreement has made due inquiry to determine the truthfulness and accuracy of the information contained in this Agreement.

(xiv) The purchase of the Note(s) by the undersigned has been duly authorized, and the execution, delivery and performance of this Agreement does not conflict with the undersigned's partnership agreement, certificate of incorporation, by-laws, articles of organization, operating agreement or any agreement to which the undersigned is a party and this Agreement is a valid and binding agreement enforceable against the undersigned in accordance with its terms.

(xv) The undersigned hereby represents that he or it is subscribing for the Notes as principal or as trustee, solely for the account of the undersigned, for investment purposes only and not with a view to, or for, subdivision, resale, distribution, or fractionalization thereof, in whole or in part, or for the account, in

whole or in part, of others, and, except as disclosed herein, no other person has a direct or indirect beneficial interest in the Note(s). The undersigned will hold the Note(s) as an investment and has no reason to anticipate any change in circumstances or other particular occasion or event, which would cause the undersigned to attempt to sell any of the Note(s).

(xvi) The undersigned acknowledges his or its understanding that (A) the Offering of the Note(s) by the Company has not been registered under the Act, as amended, or the securities laws of certain states in reliance on specific exemptions from registration, (B) the Confidential Memorandum and Subscription Documents have not been filed with or reviewed by the Securities and Exchange Commission or the securities department of any state and no securities administrator of any state or the federal government has recommended or endorsed this Offering or made any finding or determination relating to the fairness of an investment in the Company, and (C) the Offering of the Note(s) by the Company is intended to be exempt from registration pursuant to Section 4 (2) of the Act and the rules promulgated thereunder by the Securities and Exchange Commission, and that the undersigned's Note(s) cannot be sold, pledged, assigned or otherwise disposed of unless they are registered under the Act or an exemption from such registration is available.

(xvii) The undersigned represents and warrants that he or it will not transfer or convey all or part of his or its financial interest in the Note(s) unless such Note(s) are subsequently registered under the Act, or an exemption from such registration is available and without (A) the prior written consent of the Company and (B) an opinion of counsel acceptable to the Company and its counsel to the effect that the Note(s) may be transferred without violation of the registration requirements of the Act or any applicable state securities laws, as may be amended from time to time. The undersigned further acknowledges that there can be no assurance that the Company will file any registration statement for the Note(s) for which the undersigned is subscribing, that such registration statement, if filed, will be declared effective or, if declared effective, that the Company will be able to keep it effective until the undersigned sells the Note(s) registered thereon.

(xviii) The undersigned understands that this Agreement is subject to the Company's acceptance and may be rejected by the Company at any time in its sole discretion in whole or any part prior to issuance of the Note(s) with respect to the undersigned's subscription, notwithstanding prior receipt by the undersigned of notice of acceptance of the undersigned's subscription. The Company reserves the right to withdraw the Offering at any time.

(xix) The undersigned acknowledges that this Agreement shall become binding upon the undersigned when it is countersigned by the Company and the undersigned is not entitled to cancel, terminate, or revoke this subscription before or after acceptance by the Company, except as otherwise provided in this Agreement.

(xx) All information provided by the undersigned in the Investor Questionnaire and Investor Representative Questionnaire (if applicable) which accompanies this Agreement is true and accurate in all respects, and the undersigned acknowledges that the Company will be relying on such information to its possible detriment in deciding whether the Company can make these Note(s) to the undersigned without giving rise to the loss of an exemption from registration under the applicable securities laws.

**9. Foreign Person.** If the undersigned has indicated on the signature page of this Agreement that he, she or it is a foreign person, he, she or it agrees to notify the Company in writing within sixty (60) days of becoming a nonresident alien, foreign corporation, foreign partnership, foreign trust, foreign estate or other foreign entity, as the case may be.

**10. Indemnity.** The undersigned agrees to indemnify and hold harmless the Company, its managers, members, agents, attorneys and affiliates and each other person, if any, who controls any thereof, within the meaning of Section 15 of the Act, against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the undersigned to comply with any covenant or agreement made by the undersigned herein or in this Agreement or in any other document furnished by the undersigned to any of the foregoing in connection with this transaction.

**11. Notice.** All notices in connection with this Agreement shall be in writing and personally delivered or delivered via overnight mail, with written receipt therefor, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 11) with a copy, in the case of notice to the Company, to ERC Compactors LLC, at 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

**12. Miscellaneous.**

(a) This Agreement is not assignable by the undersigned. This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) This Agreement shall be deemed to have been made in the State of Arizona and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in State of Arizona. The parties hereto hereby consent to personal



jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Agreement.

(c) This Agreement contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Agreement shall be effective unless in writing and signed by both parties to this Agreement.

(d) No waiver of any breach of any terms of this Agreement shall be effective unless made in writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall be construed as a waiver of any subsequent breach of that term or of any other term of the same or different nature.

(e) If any provision or portion of this Agreement or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Agreement.

(f) Each of the parties hereto shall cooperate and take such actions, and execute such other documents, at the execution hereof or subsequently, as may be reasonably requested by the other in order to carry out the provisions and purposes of this Agreement.

IN WITNESS WHEREOF, the undersigned, by his or its execution hereof, agrees to be bound by this Agreement.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2011,  
at \_\_\_\_\_ (City), \_\_\_\_\_ (State).

**If the Investor is an INDIVIDUAL, complete the following:**

The undersigned (*circle one*): **[Is] [Is not]** a citizen or resident of the United States.

\_\_\_\_\_  
Print Name of Individual:

\_\_\_\_\_  
Print Name of Spouse if Funds are to  
be invested in Joint Name or are  
Community Property:

\_\_\_\_\_  
Print Social Security Number of Individual:

\_\_\_\_\_  
Print Social Security Number of  
Spouse

\_\_\_\_\_  
Signature of Individual:

\_\_\_\_\_  
Signature of Spouse if Funds are to be  
Invested in Joint Name or are  
Community Property

\_\_\_\_\_  
Print Address of Residence:

\_\_\_\_\_  
Print Telephone Number:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_

The investor is PARTNERSHIP, CORPORATION, TRUST OR OTHER ENTITY, complete the following:

The undersigned (circle one) [is] [is not] a foreign partnership, foreign corporation, trust or foreign estate (as defined in the Internal Revenue Code of 1986, as amended, and the treasury regulations promulgated there under).

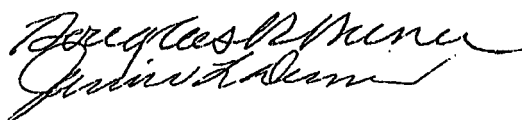
Print Name of Partnership, Corporation, Trust or Entity:

The Douglas R. and Janine L. Dunn Trust

Title of Authorized Representative

Trustees

Signature of Authorized Representative



Print Jurisdiction of Organization or Incorporation

Maricopa County, AZ

Print Name of Authorized Representative

Douglas R. Dunn  
Janine L. Dunn

Print Federal Tax Identification Number

[REDACTED]

Print Address of Residence:

[REDACTED] AZ [REDACTED]

Print Telephone Number:

[REDACTED]

#### ACCEPTANCE

The terms of the foregoing, including the subscription described therein, are agreed to and accepted on this \_\_\_\_ day of \_\_\_\_\_, 2011

ERC COMPACTORS LLC

By:



Jason Todd Mogler - President

By:

Jim Hinkeldey - Vice-President

**EXHIBIT 1  
INVESTOR STATUS**

*(Please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity).*

                      
initials

  
initials

A. "Non- accredited Investor". The undersigned does not meet the definition of an "Accredited Investor" as defined herein below;

B. "Accredited Investor". The undersigned is an Accredited Investor as defined below (*check applicable box*):

☒ 1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds Five Hundred Thousand (\$500,000) Dollars;

☐ 2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of One Hundred Thousand (\$100,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;

☐ 3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U. S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a

self-directed plan, with investment decisions made solely by persons that are accredited investors;

☐4. Any private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940);

☐5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;

☐6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

☐7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

☐8.\* Any entity in which all of the equity owners are Accredited Investors.

**NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.**

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\* If this box is checked, please indicate on a separate schedule to be attached hereto, the category of Accredited Investor in which each equity owner of such entity is included.

**EXHIBIT B**  
**PROMISSORY NOTE**

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**EXHIBIT B**

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**PROMISSORY NOTE**

**THIS NOTE HAS BEEN MADE FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO OR FOR SALE IN CONNECTION WITH THE DISTRIBUTION THEREOF AND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THIS NOTE MAY NOT BE SOLD, TRANSFERRED, OR ASSIGNED ("TRANSFER") UNLESS IT IS SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE AND THE MAKER CONSENTS IN WRITING TO SUCH TRANSFER.**

**ERC COMPACTORS LLC**, an Arizona Limited Liability Company, with offices at 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250 (the "Maker"), for value received, promises to pay to the Individual and/or legal entity designated in this Note as the "HOLDER," the principal sum of **Ninety Thousand (\$90,000.00) Dollars**.

The Notes will have an annual rate of return of Twenty-Four (24%) percent simple interest over the term thereof, with a maturity date of Twenty-Four (24) months from the Commencement Date of each Note.

Principal and Interest shall be paid as follows:

**Principal:** Principal shall be paid at maturity. The maturity date is Twenty-Four (24) months from the Commencement Date of each Note.

**Interest:** Since there is a delivery period of approximately Ninety (90) days between the equipment purchase date and equipment delivery date, the first Ninety (90) days of interest will be deferred. The deferred interest (\$300 per month or \$900 for 90 days) will be added onto the note's principal amount of \$15,000. The new principal balance of the Note on the Ninety-First (91) day after the Commencement Date will be Fifteen Thousand Nine Hundred (\$15,900) dollars. Interest will be calculated on the combined amount of \$15,900 (\$15,900) and will be paid monthly commencing in the Fourth (4<sup>th</sup>) month.

The principal and any interest due on said principal may be prepaid at the sole discretion of the Company, without a prepayment penalty.

## **1. NOTES**

This Note in the principal amount of Fifteen Thousand (\$15,000) Dollars per Note, or any fractional amounts, is offered for sale by the Maker, pursuant to that certain "Private Placement Memorandum" dated August 8, 2011. The Note shall be senior debt of the Maker.

## **2. EVENTS OF DEFAULT**

A default shall be defined as one or more of the following events ("Event of Default") occurring and continuing:

- (a) The Maker shall fail to pay any interest payment on this Note when due for a period of Twenty (20) days after notice of such default has been sent by the Holder to the Maker.
- (b) The Maker shall dissolve or terminate the existence of the Maker.
- (c) The Maker shall file a petition in bankruptcy, make an assignment for the benefit of its creditors, or consent to or acquiesce in the appointment of a receiver for all or substantially all of its property, or a petition for the appointment of a receiver shall be filed against the Maker and remain unstayed for at least ninety (90) days.
- (d) If the maturity date is extended this will not be considered an event of default.

Upon the occurrence of an Event of Default, the Holder of this Note may, by written notice to the Maker, declare the unpaid principal amount and all accrued interest of the Note immediately due and payable.

## **3. SECURITY FOR PAYMENT OF THE NOTE(S)**

The Note(s) offered by the MAKER are secured by the equipment/compactors purchased.

## **4. COMMENCEMENT DATE OF THE NOTE**

The Commencement Date of the Note shall be the "Effective Date," as defined in that certain "Subscription Agreement" attached as Exhibit A to the Private Placement Memorandum.



## **5. STATUS OF HOLDER**

The Maker may treat the Holder of this Note as the absolute owner of this Note for the purpose of making payments of principal or interest and for all other purposes, and shall not be affected by any notice to the contrary, unless the Maker so consents in writing.

## **6. SECURITIES ACT RESTRICTIONS**

This Note has not been registered for sale under the Act. This Note may not be sold, offered for sale, pledged, assigned or otherwise disposed of, unless certain conditions are satisfied, as more fully set forth in the Subscription Agreement.

## **7. ATTORNEYS' FEES**

The prevailing party in an action to enforce this Note shall be entitled to reasonable attorneys' fees, costs and collection expense.

## **8. MISCELLANEOUS.**

(a) **Successors and Assigns.** The Holder may not assign, transfer or sell this Note to any party without the express written consent of the Maker. This Note shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) **Entire Agreement.** This Note contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Note shall be effective unless in writing and signed by both parties to this Note.

(c) **Notices.** All notices in connection with this Note shall be in writing and personally delivered or delivered via overnight mail, with written receipt therefore, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 8) with a copy to ERC Compactors LLC, 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

(d) **Section Headings.** The headings of the various sections of the Note have been inserted as a matter of convenience for reference only and shall be of no legal effect.

(e) **Severability.** If any provision or portion of this Note or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Note.

(f) **Applicable Law.** This Note shall be deemed to have been made in the State of Arizona, and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in the State of Arizona. The parties hereto hereby consent to personal jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Note.

**Maker:**

ERC Compactors LLC,  
An Arizona LLC  
8800 E. Chaparral Road  
Suite 270  
Scottsdale, AZ 85250

Jason Mogler 10-21-2011  
Sign & Date

Jason Mogler  
Print Name

**Holder:**

The Douglas R. and Janine L. Dunn Trust

Douglas R. Dunn 10/25/2011  
Sign & Date

Douglas R. Dunn  
Print Name

Janine L. Dunn 10/25/11  
Sign & Date

Janine L. Dunn  
Print Name

Address:

[REDACTED]  
[REDACTED] AZ [REDACTED]

**EXHIBIT C**  
**Investor Suitability Questionnaire**

EXHIBIT C

ERC Compactors LLC

Investor Suitability Questionnaire

To: Prospective purchasers of Promissory Notes (the "Notes") offered by ERC Compactors LLC (the "Company").

The Purpose of this Questionnaire is to solicit certain information regarding your financial status to determine whether you are an "Accredited Investor," as defined under applicable federal and state securities laws, and otherwise meet the suitability criteria established by the Company for purchasing Notes. *This questionnaire is not an offer to sell securities.*

Your answers will be kept as confidential as possible. You agree, however, that this Questionnaire may be shown to such persons as the Company deems appropriate to determine your eligibility as an Accredited Investor or to ascertain your general suitability for investing in the Notes.

*Please answer all questions completely and execute the signature page*

A. Personal

1. Name: DOUGLAS DUNN  
DOUG & JAVNE TRUST MEMBER

2. Address of Principal Residence: [REDACTED]  
[REDACTED], AZ 85308 County: Maricopa

3. Residence Telephone: [REDACTED]

4. Where are you registered to vote? Maricopa Co, AZ

5. Your driver's license is issued by the following state: AZ

6. Other Residences or Contacts: Please identify any other state where you own a residence, are registered to vote, pay income taxes, hold a driver's license or have any other contacts, and describe your connection with such state:

N/A

7. Please send all correspondence to:

(1) X Residence Address (as set forth in item A-2)

(2) \_\_\_\_\_ Business Address (as set forth in item B-1)

8. Date of Birth:
9. Citizenship: US
10. Social Security or Tax I.D. #:

**B. Occupations and Income**

1. Occupation: W
- (a) Business Address:
- (b) Business Telephone Number: (            )

2. Gross income during each of the last two years exceeded:

- (1)            \$25,000                      (2)            \$50,000
- (3) X \$100,000                      (4)            \$200,000

3. Joint gross income with spouse during each of the last two years exceeded \$300,000

- (1)            Yes                      (2) X No

4. Estimated gross income during current year exceeds:

- (1)            \$25,000                      (2)            \$50,000
- (3) X \$100,000                      (4)            \$200,000

5. Estimated joint gross income with spouse during current year exceeds \$300,000

- (1)            Yes                      (2) X No

**C. Net Worth**

1. Current net worth or joint net worth with spouse (note that "net worth" includes all of the assets owned by you and your spouse in excess of total liabilities, including the fair market value, less any mortgage, of your principal residence.)

- (1)            \$50,000-\$100,000 (2)            \$100,000-\$250,000 (3)            \$250,000-\$500,000
- (4)            \$500,000-\$750,000 (5)            \$750,000-\$1,000,000 (6) X over \$1,000,000

2. Current value of liquid assets (cash, freely marketable securities, cash surrender value of life insurance policies, and other items easily convertible into cash) is sufficient to provide for current

needs and possible personal contingencies:

(1) X Yes (2)      No

**D. Affiliation with the Company**

Are you a director or executive officer of the Company?

(1)      Yes (2) X No

**E. Investment Percentage of Net Worth**

If you expect to invest at least \$100,000 in Notes, does your total purchase price exceed 10% of your net worth at the time of sale, or joint net worth with your spouse.

(1) X Yes (2)      No

**F. Consistent Investment Strategy**

Is this investment consistent with your overall investment strategy?

(1) X Yes (2)      No

**G. Prospective Investor's Representations**

The information contained in this Questionnaire is true and complete, and the undersigned understands that the Company and its counsel will rely on such information for the purpose of complying with all applicable securities laws as discussed above. The undersigned agrees to notify the Company promptly of any change in the foregoing information which may occur prior to any purchase by the undersigned of securities from the Company.

Prospective Investor:

Douglas R. Mann, trustee Date: 10/25/2011, 20 11  
Signature

Quinn L. Mann, trustee  
Signature (of joint purchase if purchase is to be  
made as joint tenants or as tenants in common)

**EXHIBIT D**  
**ERC COMPACTORS LLC**  
**BUSINESS PLAN**

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

**ERC COMPACTORS LLC**

An Arizona Limited Liability Company

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**\$1,500,000**

Minimum Offering Amount: \$90,000

\$15,000 per Promissory Note (Unit)

**MINIMUM PURCHASE - 1 Promissory Note**

24% Annual Rate of Return

Maturity Date: 24 months

Interest Paid Monthly After a Ninety (90) Day Interest Deferment Period

Redemption at Maturity - \$15,900 per Unit (includes deferred interest)

ERC Compactors LLC, an Arizona Limited Liability Company (hereinafter referred to as the "COMPANY"), is offering by means of this Confidential Private Placement Memorandum a minimum of Six (6) and a maximum of One Hundred (100) secured Promissory Notes ("Notes") at an offering price of Fifteen Thousand (\$15,000) Dollars per Note, for a minimum of Ninety Thousand Dollars (\$90,000) and a maximum total of One Million Five Hundred Thousand Dollars (\$1,500,000) to qualified investors who meet the Investor Suitability Requirements set forth herein (see "INVESTOR SUITABILITY REQUIREMENTS"). Each investor must agree to purchase the Notes, as a lender to the Company, for investment purposes only, and execute a Subscription Agreement in the form contained in the accompanying Subscription Booklet (see "TERMS OF THE OFFERING").

**THESE SECURITIES ARE SPECULATIVE AND INVESTMENT  
IN THE NOTES INVOLVES A DEGREE OF RISK  
(SEE "RISK FACTORS")**

	Offering Price	Selling Commissions	Proceeds to Company
Per Unit	\$15,000	\$1,500	\$13,500
Minimum Units	\$90,000	\$9,000	\$81,000
Maximum Units	\$1,500,000	\$150,000	\$1,350,000

**ERC Compactors LLC**

8800 E. Chaparral Road, Suite 270

Scottsdale, AZ 85250

Telephone: (480) 278-7031

Facsimile: (480) 278-8979

The date of this Private Placement Memorandum is August 8, 2011



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## **IMPORTANT NOTICES**

This Confidential Private Placement Offering Memorandum ("Memorandum") is submitted to you on a confidential basis solely for the purpose of evaluating the specific transaction described herein. This information shall not be photocopied, reproduced or distributed to others without the prior written consent of ERC Compactors LLC ("Company"). If the recipient determines not to purchase any of the Notes offered hereby, it will promptly return all material received in connection herewith without retaining any copies.

## **DISCLAIMERS**

THE NOTES OFFERED HEREBY IN THIS OFFERING MEMORANDUM HAVE NOT BEEN REGISTERED WITH, OR APPROVED, BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, NOR HAVE SUCH NOTES OR THIS MEMORANDUM BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL OF ANY STATE OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE. THIS OFFERING IS BASED ON THE EXEMPTION FROM SUCH REGISTRATION AS SET FORTH IN §4(2) AND RULE 506 OF REGULATION D OF THE SECURITIES ACT OF 1933, AS AMENDED.

THE INVESTMENT DESCRIBED IN THIS MEMORANDUM INVOLVES RISKS, AND IS OFFERED ONLY TO INDIVIDUALS WHO CAN AFFORD TO ASSUME SUCH RISK FOR AN INDEFINITE PERIOD OF TIME AND WHO AGREE TO PURCHASE THE NOTES ONLY FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TOWARD THE TRANSFER, RESALE, EXCHANGE OR FURTHER DISTRIBUTION THEREOF. THERE WILL BE NO PUBLIC MARKET FOR THE NOTES ISSUED PURSUANT TO THIS OFFERING MEMORANDUM. THE RESALE OF THE NOTES ARE LIMITED BY FEDERAL AND STATE SECURITIES LAWS AND IT IS THEREFORE RECOMMENDED THAT EACH POTENTIAL INVESTOR SEEK COUNSEL SHOULD THEY DESIRE MORE INFORMATION.

THE PRICE OF THE NOTES AS DESCRIBED IN THIS OFFERING MEMORANDUM HAS BEEN ARBITRARILY DETERMINED BY THE SPONSORS OF THIS INVESTMENT, AND EACH PROSPECTIVE INVESTOR SHOULD MAKE AN

INDEPENDENT EVALUATION OF THE FAIRNESS OF SUCH PRICE UNDER ALL THE CIRCUMSTANCES AS DESCRIBED IN THE ATTACHED OFFERING MEMORANDUM.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION IN CONNECTION WITH THIS MEMORANDUM, EXCEPT SUCH INFORMATION AS IS CONTAINED OR REFERENCED IN THIS MEMORANDUM. ONLY INFORMATION OR REPRESENTATIONS CONTAINED OR REFERENCED HEREIN MAY BE RELIED UPON AS HAVING BEEN MADE BY THE COMPANY. PROSPECTIVE INVESTORS WHO HAVE QUESTIONS CONCERNING THE TERMS AND CONDITIONS OF THIS PRIVATE OFFERING MEMORANDUM OR WHO DESIRE ADDITIONAL INFORMATION OR DOCUMENTATION TO VERIFY THE INFORMATION CONTAINED HEREIN SHOULD CONTACT THE COMPANY. PROJECTIONS OR FORECASTS CONTAINED IN THIS PRIVATE OFFERING MEMORANDUM, OR OTHER MATERIALS, MUST BE VIEWED ONLY AS ESTIMATES. ALTHOUGH ANY PROJECTIONS CONTAINED IN THIS MEMORANDUM ARE BASED UPON ASSUMPTIONS WHICH THE COMPANY BELIEVES TO BE REASONABLE, THE ACTUAL PERFORMANCE OF THE COMPANY MAY DEPEND UPON FACTORS BEYOND THE CONTROL OF THE COMPANY. NO ASSURANCE CAN BE GIVEN THAT THE COMPANY'S ACTUAL PERFORMANCE WILL MATCH ITS INTENDED RESULTS.

## 1. SUMMARY OF THE OFFERING

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY MORE DETAILED INFORMATION THAT MAY APPEAR ELSEWHERE IN THIS PRIVATE PLACEMENT MEMORANDUM. EACH PROSPECTIVE INVESTOR IS URGED TO READ THIS PRIVATE OFFERING MEMORANDUM IN ITS ENTIRETY.

ERC Compactors LLC (the "Company") was formed on August 3, 2011 as an Arizona Limited Liability Company. The Company is in the business of cardboard recycling on site at commercial properties.

The Securities offered are One Hundred (100) Notes issued by the Company at Fifteen Thousand (\$15,000) Dollars per Note, payable in cash at the time of subscription (see "Exhibit B" for copy of Promissory Note). The minimum purchase is one (1) Note. The Notes have an annual rate of return of Twenty-Four (24%) percent simple interest with a maturity date of Twenty-Four (24) months from the Commencement Date of each Note.

Principal and Interest shall be paid as follows:

Principal: Principal shall be paid at maturity. The maturity date is Twenty-Four (24) months from the Commencement Date of each Note.

Interest: Since there is a delivery period of approximately Ninety (90) days between the equipment purchase date and equipment delivery date, the first Ninety (90) days of interest will be deferred. The deferred interest (\$300 per month or \$900 for 90 days) will be added onto the note's principal amount of \$15,000. The new principal balance of the Note on the Ninety-First (91st) day after the Commencement Date will be Fifteen Thousand Nine Hundred (\$15,900) dollars. Interest will be calculated on the combined amount of Fifteen Thousand Nine Hundred (\$15,900) and will be paid monthly commencing in the Fourth (4<sup>th</sup>) month.

The notes will be secured by the equipment/compactors purchased.

None of the Notes are convertible to Membership Units, or other type of equity, in the Company. The Principal may be prepaid, at the sole discretion of the Company, without a prepayment penalty. This offering will commence on August 8, 2011, and will terminate no later than August 7, 2012, unless extended by the Company (see "TERMS OF THE OFFERING").

The gross proceeds of the offering will be a minimum of Ninety Thousand (\$90,000) Dollars and a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars. The use of the proceeds is to purchase compactor equipment to be installed at commercial locations (see "USE OF PROCEEDS").

## 2. THE COMPANY

ERC Compactors LLC (the "Company") was formed in August 3, 2011, as an Arizona Limited Liability Company. At the date of this offering, One Thousand (1,000) of the Company's Membership Units were authorized, issued and outstanding. The Company is in the business of recycling.

## **2.1 OPERATIONS**

ERC Compactors LLC is a new division of ERC which acquired C&D Construction Services Corporation. C&D Construction Services has been in recycling business for over ten years.

While ERC Compactors LLC is a new divisional venture and has yet to commence operations, it is in the same business and augments the company's recycling business. ERC Compactors LLC will supply a new source of commodities from new accounts such as strip malls.

For a complete discussion on the company's philosophy and operations, please see "Exhibit D - it's business plan".

## **2.2 BUSINESS PLAN**

ERC of Nevada LLC's business plan, included as Exhibit D of this Memorandum, was prepared by the Company using assumptions set forth in the Business Plan, including several forward looking statements. Each prospective investor should carefully review the business plan before purchasing Notes. Management makes no representations as to the accuracy or achievability of the underlying assumptions and projected results contained herein.

## **3. MANAGEMENT**

### **3.1 LLC MANAGERS**

The success of the company is dependent upon the services and expertise of existing management. At the present time, the following individuals are actively involved in the management of the Company:

#### **Jason Todd Mogler - President and Principal**

Jason Todd Mogler, partner of Tri-Core Companies, has twenty plus years of marketing experience in both domestic and international markets.

An Arizonan native, his family has been in the construction business since 1940 his grandfather Roger Krants was a general contractor who completed several major commercial and residential ventures. You could say that development is in Jason's blood since blood.

Jason's practical work experience include the position of Director of Construction Lending for Republic Mortgage, and the Director of Construction Lending for the prestigious Royal Bank of Canada, his extensive work experience gives him thorough knowledge of construction lending and banking operations.

Mr. Mogler has an impressive academic resume at Arizona State University where he holds a Bachelor of Science degree with a major in marketing and a minor in psychology. His master studies with Thunderbird American Graduate School of International Management give him an international understanding of business strategies and marketing position.

Jason has also been celebrated for his philanthropy with numerous organizations both in Arizona and throughout the country. Mr. Mogler has a very long reputation for honest business practices and fair dealings with all people both personally and professionally.

**Peter A. Salazar: Chief Executive Officer:**

Bachelor in Environmental Science - 2000

2000 - Founder of C&D Construction Services Inc - Construction Clean Up Company

2001- Co-Founder with Brother Luis Salazar of Starwood Lumber Products - Dimensional Lumber Products

2002 - Expanded C&D Construction Services Inc - Roll Off Division

2003 - Founder of Liberty Salvage Materials - Recycling Division of C&D Construction Services Inc.

2008 - 2010 - Nevada Recyclers Association - President

2009 - Liberty Salvage Materials - Environmental Business Journal - Achievement Award

**Jim Hinkeldey - Vice President and Principal**

Jim Hinkeldey possesses thirty-five years of banking and financial experience including portfolio management, joint venture management, and all aspects of the mortgage banking profession for select regional New York banks.

Mr. Hinkeldey spearheaded the Joint Venture division at Richmond Hill Savings Bank in New York. He was responsible for land acquisition through project conclusion which included the delivery of completed developments in a timely and cost efficient, profitable manner.

Mr. Hinkeldey also managed a mortgage backed portfolio. He successfully rearranged the structure of the portfolio to meet asset/liability re-pricing demands. His concept creation resulted in a portfolio that meet re-pricing sensitivity models while delivering positive bottom line results.

Mr. Hinkeldey's business philosophy is based on total enterprise engagement, accountability, and the deliverability of profitable projects. Mr. Hinkeldey's philosophy is that the client and his investment or requirements come first and are paramount to each success.

## **4. TERMS OF THE OFFERING**

### **4.1 GENERAL TERMS OF THE OFFERING**

This Private Offering Memorandum is offering a minimum of Six (6) and a maximum of One Hundred (100) Notes at Fifteen Thousand (\$15,000) Dollars per Note, for a minimum of Ninety Thousand (\$90,000) Dollars and a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars to a select group of Investors who satisfy the Investor Suitability Requirements (see "INVESTOR SUITABILITY REQUIREMENTS"). The Company has the authority to sell fractional Notes at its sole discretion. The Company has set a minimum offering proceeds figure of \$90,000 (the "minimum offering proceeds") for this Offering.

### **4.2 MINIMUM OFFERING AMOUNT - HOLDING ACCOUNT**

The Company has established an Investment Holding Account with Wells Fargo Bank, into which the minimum offering proceeds will be placed. At least Six (6) Notes must be sold for \$90,000 before such proceeds will be released from the holding account and utilized by the Company. After the minimum number of Notes is sold, all subsequent proceeds from the sale of Notes will be delivered directly to the Company.

### **4.3 NONTRANSFERABILITY OF NOTES**

The Notes have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), and are being offered in reliance upon an exemption under §4(2) and Rule 506 of Regulation D of the Securities Act, as amended, and rules and regulations hereunder. The Notes have not been registered under the securities laws of any state and will be offered pursuant to an exemption from registration in each state. A purchaser may transfer or dispose of the Note only if such Notes are subsequently registered under the Securities Act, or if an exemption from registration is available, and pursuant to an opinion of counsel acceptable to the Company and its counsel to the effect that the Notes may be transferred without violation of the registration requirements of the Securities Act or any other securities laws.

### **4.4 CLOSING OF THE OFFERING**

The Notes are offered and closed only when a properly completed Subscription Agreement (Exhibit A); Note (Exhibit B), and Investor Questionnaire (Exhibit C) are submitted by the investing Subscriber or his/her Investor Representatives and are received and accepted by the Company. The Subscription Agreement as submitted by an investing Subscriber or his/her Investor Representatives shall be binding once the Company signs the Subscription Agreement, Note and the funds delivered by the potential Investor to the Company with the Subscription Agreement has been cleared by the financial institution in which they are deposited by the Company. The Notes will be delivered to qualified Investors upon acceptance of their subscriptions. All funds collected from investing Subscribers will be deposited in a designated account under the control of the Company. Investors subscribing to the Notes may not withdraw or revoke their subscriptions at any

time prior to acceptance by the Company, except as provided by certain state laws, or if more than Twenty (20) days have passed after receipt of the Subscription Agreement by the Company without the Company accepting the Investor's funds and delivering all applicable documents to such Investor. The proceeds of this Offering will be used only for the purpose set forth in this Private Offering Memorandum (see "USE OF PROCEEDS").

The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon reaching the minimum offering amount of Ninety Thousand (\$90,000) Dollars.

2. Upon receipt of the maximum Offering subscription amount of One Million Five Hundred Thousand (\$1,500,000) Dollars.

3. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding Twenty (20) days thereafter to which the Company, in its sole discretion, may extend this Offering.

## **5. PLAN OF DISTRIBUTION**

### **5.1 OFFERING OF NOTES**

The Notes will be offered to prospective lenders by Officers and Directors of the Company and qualified licensed personnel, pursuant to State and Federal security rules and regulations. This Offering is made solely through this Private Placement Memorandum and without any form of general solicitation or advertising. The Company and its Officers and Directors or other authorized personnel will use their best efforts during the Offering period to find eligible Investors who desire to subscribe to the Notes in the Company. These Notes are offered on a "best efforts" basis, and there is no assurance that any or all of the Notes will be closed. The Company has the authorization to offer fractional Notes at its sole discretion. The Offering period will begin as of the date of this private Offering Memorandum and will close upon the happening of such occurrences as defined herein (see "TERMS OF THE OFFERING").

### **5.2 PAYMENTS TO BROKER DEALERS OR INVESTMENT ADVISORS**

The Company has the power to pay fees or commissions to qualified Broker Dealers, Registered Investment Advisors or any other person qualified under other applicable federal and state security laws.



## **6. DESCRIPTION OF NOTES**

### **6.1 NOTES**

The Company is offering One Hundred (100) Notes of the Company to potential investors at Fifteen Thousand (\$15,000) Dollars per Note, payable in cash at the time of the subscription. The minimum purchase is one (1) note. The Notes will have an annual rate of return of Twenty-Four (24%) percent simple interest over the term thereof, with a maturity date of Twenty-Four (24) months from the Commencement Date of each Note.

Principal and Interest shall be paid as follows:

Principal: Principal shall be paid at maturity. The maturity date is Twenty-Four (24) months from the Commencement Date of each Note.

Interest: Since there is a delivery period of approximately Ninety (90) days between the equipment purchase date and equipment delivery date, the first Ninety (90) days of interest will be deferred. The deferred interest (\$300 per month or \$900 for 90 days) will be added onto the note's principal amount of \$15,000. The new principal balance of the Note on the Ninety-First (91) day after the Commencement Date will be Fifteen Thousand Nine Hundred (\$15,900) dollars. Interest will be calculated on the combined amount of Fifteen Thousand Nine Hundred (\$15,900) dollars and will be paid monthly commencing in the Fourth (4<sup>th</sup>) month.

The notes will be secured by the equipment/compactors purchased.

The principal and any interest due on said principal may be prepaid at the sole discretion of the Company, without a prepayment penalty.

The Notes will be issued in the form attached hereto and incorporated herein by reference as though set forth in full herein as Exhibit B.

### **6.2 SECURITY FOR PAYMENT OF THE NOTES**

The Notes being offered by the Company in this Private Placement Offering will be secured by the equipment/compactors purchased.

### **6.3 REPORTS TO NOTEHOLDERS**

The Company will furnish annual unaudited reports to its Note holders ninety (90) days after its fiscal year. The Company may issue other interim reports to its Note holders as it deems appropriate. The Company's fiscal year ends on December 31<sup>st</sup> of each year.

## **7. USE OF PROCEEDS**

The gross proceeds of the Offering will be a minimum of Ninety Thousand (\$90,000) Dollars and a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars. The table below sets forth the use of proceeds for both the maximum and minimum offering amounts.

#### Sources

	Maximum Amount	Percent of Proceeds	Minimum Amount	Percent of Proceeds
<b>Proceeds From Sale of Notes</b>	<b>\$1,500,000</b>	<b>100%</b>	<b>\$90,000</b>	<b>100%</b>
<b>Application of Proceeds</b>				
Offering Expenses (1)	\$ 5,000	0.33%	\$ 5,000	5.56%
Commissions (2)	\$ 150,000	10.00%	\$ 9,000	10.000%
<b>Total Offering Expenses &amp; Fees</b>	<b>\$ 155,000</b>	<b>10.33%</b>	<b>\$ 14,000</b>	<b>15.56%</b>
<b>Net Offering Proceeds (3)</b>	<b>\$ 1,345,000</b>	<b>89.67%</b>	<b>\$ 76,000</b>	<b>84.44%</b>
<b>Total Application of Proceeds</b>	<b>\$ 1,500,000</b>	<b>100%</b>	<b>\$ 90,000</b>	<b>100%</b>

**Footnotes:**

(1) Includes estimated memorandum preparation, filing, printing, legal, accounting and other fees and expenses related to the Offering

(2) This Offering is being sold by the officers and directors of the Company, who will not receive any compensation for their efforts. No sales fees or commissions will be paid to such officers or directors. Notes may be sold by registered brokers or dealers who are members of the NASD and who enter into a Participating Dealer Agreement with the Company. Such brokers or dealers may receive commissions up to ten percent (10%) of the price of the Notes sold.

(3) Net offering proceeds available for the purchase of compactors/equipment.

## **8. CAPITALIZATION STATEMENT**

### **8.1 CAPITALIZATION PRIOR TO AND AFTER THE OFFERING**

The following table summarizes the capitalization of the Company prior to, and as adjusted to reflect, the issuance and sale of the maximum of One Hundred (100) Notes or One Million Five Hundred Thousand (\$1,500,000) Dollars.

	AS ADJUSTED 08/03/2011	AFTER THE OFFERING
Notes	<u>-0-</u>	<u>\$1,500,000</u>
Membership Units \$.10 par value, 1,000 Units authorized, 1000 Units issued and outstanding	\$100	\$100
Net Members Equity	\$100	\$100
TOTAL CAPITALIZATION	<u>\$100</u>	<u>\$1,500,100</u>

## 9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### 9.1 RESULTS OF OPERATIONS

The Company has yet to commence compactor operations.

### 9.2 LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity and capital resources are dependent on its ability to raise sufficient capital to pay for the purchase price of the Promissory Notes.

## 10. CERTAIN TRANSACTIONS

### 10.1 ARIZONA LIMITED LIABILITY CORPORATION

ERC Compactors LLC is a privately held Arizona Limited Liability Company, formed on August 3, 2011.

### 10.2 PRIVATE OFFERING OF NOTES

The Company is authorized to offer in this private offering, up to One Million Five Hundred Thousand (\$1,500,000) Dollars of Notes to selected investors, effective on August 8, 2011.

## **11. FIDUCIARY RESPONSIBILITIES OF THE DIRECTORS AND OFFICERS OF THE COMPANY**

### **11.1 GENERAL**

The Officers and Directors of the Company are accountable to the Company as fiduciaries and such Officers and Directors are required to exercise good faith and integrity in managing the Company's affairs and policies. Each Note holder of the Company, or their duly authorized representative, may inspect the books and records of the Company at any time during normal business hours. A Note holder may be able to bring an action on behalf of himself in the event the Note holder has suffered losses in connection with the purchase or sale of the Note(s) in the Company, due to a breach of fiduciary duty by an Officer or Director of the Company, in connection with such sale or purchase, including the misrepresentation or misapplication by any such Officer or Director of the proceeds from the sale of these Notes, and may be able to recover such losses from the Company.

### **11.2 INDEMNIFICATION**

Indemnification is permitted by the Company to directors, officers or controlling persons pursuant to Arizona law. Indemnification includes expenses, such as attorneys' fees and, in certain circumstances, judgments, fines and settlement amounts actually paid or incurred in connection with actual or threatened actions, suits or proceedings involving such person and arising from their relationship with the Company, except in certain circumstances where a person is adjudged to be guilty of gross negligence or willful misconduct, unless a court of competent jurisdiction determines that such indemnification is fair and reasonable under the circumstances.

## **12. RISK FACTORS**

THIS INVESTMENT INVOLVES A DEGREE OF RISK. AN INDIVIDUAL CONTEMPLATING INVESTMENT IN THIS OFFERING SHOULD GIVE CAREFUL CONSIDERATION TO THE ELEMENTS OF THE RISK SUMMARIZED BELOW, AS WELL AS THE OTHER RISK FACTORS IDENTIFIED ELSEWHERE IN THIS PRIVATE OFFERING MEMORANDUM.

### **12.1 FORMATION OF THE COMPANY**

The Company was formed on August 3, 2011. It is therefore subject to all the risks inherent in the creation of a new Company. Unforeseen expenses, complications and delays may occur with a new Company.

## **12.2 CONTROL BY COMPANY**

After completion of this offering, the Company will own one hundred percent (100%) of the issued and outstanding Membership Units. Such ownership will enable the Company to continue to elect all the Managers and to control the Company's policies and affairs. The Note holders will not have any voting rights in the Company.

## **12.3 RELIANCE ON THE COMPANY FOR MANAGEMENT**

All decisions with respect to the management of the Company will be made exclusively by the Managers of the LLC. The Note holders do not have the right or power to take part in the management of the Company. Accordingly, no person should purchase a Note unless he is willing to entrust all aspects of the management of the Company to existing Management.

## **12.4 LIMITED TRANSFERABILITY OF THE NOTES**

The transferability of the Notes in this offering are limited, and potential investors should recognize the nature of their investment in the offering. It is not expected that there will be a public market for the Notes because there will be only a limited number of investors and restrictions of the transferability of Notes. The Notes have not been registered under the Securities Act of 1933, as amended, or qualified or registered under the securities laws of any state and, therefore, the Notes cannot be resold unless they are subsequently so registered or qualified or an exemption from such registration is available. The offering also contains restrictions on the transferability of the Notes. Accordingly, purchasers of Notes will be required to hold such Notes to maturity unless otherwise approved by the Company. The Company does not intend to register the Notes under the Securities Act of 1933.

## **12.5 CAPITALIZATION OF THE COMPANY**

Prior to this offering, the Company was funded by its principals. Independent of the amounts raised in this offering, presently the Company does not have any other assets available to use to pay principal or interest on the Notes.

## **12.6 REGULATIONS**

The Company is subject to various federal and state laws, rules and regulations. The Company believes it is in full compliance with any and all applicable laws, rules and regulations.

## **12.7 U.S. ECONOMY**

The Company is subject to the U.S. Economy and its effect on consumer confidence and spending.

## **12.8 FORCE MAJEURE**

Neither party shall be liable in damages or have the right to terminate this Agreement for any delay or default in performing hereunder if such delay or default is caused by conditions beyond its control including, but not limited to Acts of God, Government restrictions (including the denial or cancellation of any export or other necessary license), wars, insurrections and/or any other cause beyond the reasonable control of the party whose performance is affected.

## **13. PRINCIPAL SHAREHOLDERS**

As of the date of this Offering, the Company has One Thousand (1,000) Membership Units issued and outstanding to Jason Todd Mogler and James Hinkeldey.

## **14. HOW TO INVEST**

An Investor who meets the qualifications as set forth in this Private Offering Memorandum may subscribe for at least the minimum purchase herein of One (1) Note (Fifteen Thousand (\$15,000) Dollars) by carefully reading this entire Private Offering Memorandum and by then completing and signing a separately bound booklet. This booklet contains identical copies of the following exhibits contained in the Private Offering Memorandum, including:

Exhibit A     **INSTRUCTIONS TO SUBSCRIBERS and SUBSCRIPTION AGREEMENT:** This contains complete instructions to Subscribers and should be read in its entirety by the prospective investor prior to investing. The Subscription Agreement must be signed by the Investor.

Exhibit B     **PROMISSORY NOTE:** This Note will be signed by ERC Compactors LLC.

Exhibit C     **INVESTOR QUESTIONNAIRE:** This questionnaire requires a Subscriber to complete a financial history in order to aid the Company in the determination of the suitability of the Subscriber as a potential Investor. This questionnaire must be signed by the Investor.

Exhibit D     **ERC Nevada LLC Business Plan**

Copies of all the above referenced documents are included with this Private Placement Memorandum. For discussion of the actions of the Company upon receipt of a properly completed request to invest by a Subscriber, please see "TERMS OF THE OFFERING." Such Investor should include his check made payable to ERC

COMPACTORS LLC, along with the SUBSCRIPTION AGREEMENT, NOTE, AND INVESTOR QUESTIONNAIRE. Delivery of the documents referred to above, together with a check to the Company should be addressed to the Company as follows: ERC Compactors LLC, 8800 E. Chaparral Road., Suite 270, Scottsdale, AZ 85250.

## **15. INVESTOR SUITABILITY REQUIREMENTS**

### **15.1 INTRODUCTION**

Potential Investors should have experience in making investment decisions or such Investors should rely on their own tax consultants or other qualified investment advisors in making this investment decision.

### **15.2 GENERAL SUITABILITY**

Each potential Investor will be required to represent the following by execution of a Subscription Agreement:

1. The Investor has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in this Offering.

2. The Investor has the ability to bear the economic risk of this investment, has adequate means to provide for his, her or its current needs and personal contingencies, has no need for liquidity in this investment and could afford the complete loss of the investment.

3. The Investor is acquiring the Note(s) for his, her or its own account for investment purposes only and not with a view toward subdivision, resale, distribution or fractionalization thereof, or for the account of others, and has no present intention of selling or granting any participation in, or otherwise distributing, the Note(s).

4. The Investor's overall commitment to invest in the Note(s) is not disproportionate to his, her or its net worth and the investment in these Note(s) will not cause such overall commitment to become excessive.

5. The Investor has read and understands this Private Placement Memorandum and all its exhibits.

### **15.3 NONACCREDITED INVESTORS**

Up to and including thirty-five (35) investing Subscribers may be accepted by the Company as suitable Investors if each such Subscriber has a net worth sufficient to

bear the risk of losing his entire investment and meets the above "General Suitability Standards."

#### 15.4 ACCREDITED INVESTORS

In addition to satisfying the "General Standards" as defined above, all but thirty-five (35) Subscribers for Shares must each satisfy one of the "Accredited Investors" economic suitability standards as defined below:

1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds Five Hundred Thousand (\$500,000) Dollars;
2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of One Hundred Thousand (\$100,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;
3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
4. Any private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940);
5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;
6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;



7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

8. Any entity in which all of the equity owners are Accredited Investors.

NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.

#### **15.5 ACCEPTANCE OF SUBSCRIPTION AGREEMENT BY THE COMPANY**

The Investor Suitability Requirements referred to in this section represent minimum requirements for potential Investors. Satisfaction of these standards does not necessarily mean that participation in this Offering constitutes a suitable investment for such a potential Investor or that the potential Investors' Subscription will be accepted by the Company. The Company may, in fact, modify such requirements as circumstances dictate. All Subscription Agreements submitted by potential Investors will be carefully reviewed by the Company to determine the suitability of the potential Investor in this Offering. The Company may, in its sole discretion, refuse a Subscription in this Offering to any potential Investor who does not meet the applicable Investor Suitability Requirements or who otherwise appears to be an unsuitable Investor in this Offering. The Company will not necessarily review or accept a Subscription Agreement in the sequential order in which it is received. The Company also has the discretion to maximize the number of Accredited Investors in this Offering and, as a result, may accept less than thirty-five (35) Non-accredited Investors in this Offering.

#### **16. LITIGATION**

The Company and its Managers have no lawsuits pending, no legal actions pending or judgments entered against the Company or Managers and, to the best knowledge of the Company, no legal actions are contemplated against the Company and/or its Managers.

#### **17. ADDITIONAL INFORMATION**

Reference materials described in this Private Offering Memorandum are available for inspection at the office of the company during normal business hours. It is the intention of the Company that all potential Investors are given full access to such information for their consideration in determining whether to purchase the Notes being offered. Prospective Investors should contact the Company for access to information regarding the matters set

forth or other information concerning the Company. Representatives of the Company will also answer all inquiries from potential Investors concerning the Company and any matters relating to its proposed operations or present activities. The Company will afford potential Investors and their representatives the opportunity to obtain any additional information reasonably necessary to verify the accuracy or the source of any representations or information contained in this Private Offering Memorandum. All contracts entered into by the Company are subject to modifications and the Company may make any changes in any such contracts as deemed appropriate in its best discretion. Such recent amendments may not be circulated to Subscribers prior to the time of closing this Offering. However, potential Investors and their representatives may review such material or make inquiry of the Company concerning any of these and any other matters of interest.

## **18. FORECASTS OF FUTURE OPERATING RESULTS**

Any forecasts and proforma financial information which may be furnished by the Company to prospective Investors or which are part of the Company's business plan, are for illustrative purposes only and are based upon assumptions made by Management regarding hypothetical future events. There is no assurance that actual events will correspond with the assumptions or that factors beyond the control of the Company will not affect the assumptions and adversely affect the illustrative value and conclusions of any forecasts.

## **19. GLOSSARY OF TERMS**

The following terms used in this Memorandum shall (unless the context otherwise requires) have the following respective meanings:

**ACCEPTANCE.** The acceptance by the Company of a prospective investor's subscription.

**ACCREDITED INVESTORS.** Those investors who meet the criteria set forth in "INVESTOR SUITABILITY REQUIREMENTS."

**BROKER-DEALER.** A person or firm licensed with the NASD, the SEC and with the securities or corporate commissions department of the state in which it sells investment securities and who may employ licensed agents for that purpose.

**COMPANY.** Refers to ERC COMPACTORS LLC, an Arizona Limited Liability Company.

**NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. (NASD).** A self-regulating body which licenses brokers and dealers handling securities offerings, reviews the terms of an offering's underwriting arrangements and

advertising literature and, while not a governmental agency, acts as a review service watchdog to make sure that its regulations and those of the SEC are followed for the Investor's protection in offerings of securities.

**NOTES.** A Fifteen Thousand (\$15,000) Dollar investment consisting of one (1) Promissory Note issued by **ERC COMPACTORS LLC**, an Arizona Limited Liability Company.

**SECURITIES ACT OF 1933.** A federal act regulated and enforced by the SEC that requires, among other things, the registration and use of a prospectus whenever a security is sold (unless the security or the manner of the Offering is expressly exempt from such registration process).

**SECURITIES EXCHANGE ACT OF 1934.** A federal act regulated and enforced by the SEC which supplements the Securities Act of 1933 and contains requirements which were designed to protect investors and to regulate the trading (secondary market) of securities. Such regulations require, among other things, the use of prescribed proxy statements when investors' votes are solicited; the disclosure of management and large shareholders' holding of securities; controls on the resale of such securities; and periodic (monthly, quarterly, annually) filing with the SEC of financial and disclosure reports of the Issuer.

**SECURITIES AND EXCHANGE COMMISSION (SEC).** An independent United States government regulatory and enforcement agency which supervises investment trading activities and registers companies and those securities which fall under its jurisdiction. The SEC also administers statutes to enforce disclosure requirements that were designed to protect investors in securities offerings.

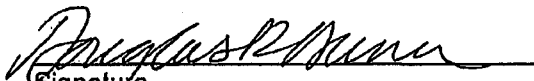
**SUBSCRIPTION DOCUMENTS.** Consists of the Note, Subscription Agreement, Investor Questionnaire and a check as payment for the Note(s) to be purchased submitted by each prospective Investor to the Company.

**TERMINATION DATE.** The earlier to occur of the date on which all Notes are sold or August 7, 2012.

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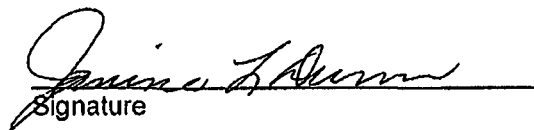
20. ACKNOWLEDGMENT

By signing below, the undersigned acknowledges that he/she has read and understood this entire Private Placement Memorandum.

  
Signature

Aug 23, 2011  
Date

Douglas R. Dunn  
Print Name

  
Signature

8/23/2011  
Date

Janine L. Dunn  
Print Name

**EXHIBIT A**  
**SUBSCRIPTION AGREEMENT**

Print Name of Subscriber: The Douglas R. and Janine L. Dunn Trust

Amount Loaned: \$60,000.00

Number of Notes: 4

**ERC COMPACTORS LLC**

**SUBSCRIPTION DOCUMENTS**

**OFFERING OF A MINIMUM OF SIX (6)  
AND A  
MAXIMUM OF ONE HUNDRED (100)  
SECURED PROMISSORY NOTES**

**FIFTEEN THOUSAND (\$15,000) DOLLARS PER NOTE**

**AUGUST 8, 2011**

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**SUBSCRIPTION INSTRUCTIONS**  
(please read carefully)

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Each subscriber for the secured Promissory Notes, Fifteen Thousand (\$15,000) Dollars per Note (the "Notes") of ERC Compactors LLC, an Arizona Limited Liability Company ("the Company"), must complete and execute the Subscription Documents in accordance with the instructions set forth below. The completed documents should be sent to ERC Compactors LLC, 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250.

**Payment for the Securities should be made by check payable to the Company and enclosed with the documents as directed in Section III below.**

- I. These Subscription Documents contain all of the materials necessary for you to purchase the Notes. This material is arranged in the following order:
  - Subscription Agreement
  - Promissory Note
  - Confidential Prospective Purchaser's Questionnaire
- II. All investors must complete in detail, date, initial, and sign the Subscription Documents where appropriate. All applicable sections must be filled in.
- III. Payment for the Notes must be made by check as provided below:

Please make your check payable, in the appropriate amount, for the number of Notes purchased (at Fifteen Thousand (\$15,000) per Note), to "ERC Compactors LLC". Your check should be enclosed with your signed subscription documents.

All funds received from subscribers will be placed in a segregated Holding Account of the Company. Once the minimum offering amount has been reached the funds will be transferred to the Company's operating account and will be available for use.

#### **IV SPECIAL INSTRUCTIONS**

**FOR CORPORATIONS.** Include copy of Board resolution designating the corporate officer authorized to sign on behalf of the corporation, a Board resolution authorizing the investment, and financial statements.

**FOR PARTNERSHIPS.** Provide a complete copy of the partnership agreement, questionnaire, and financial statements for each General Partner.

**FOR TRUSTS.** Provide a complete copy of the instruments or agreements creating the trust, as amended to date.

**Print Name of Subscriber:** The Douglas R. and Janine L. Dunn Trust

**Amount Loaned:** \$60,000.00

**Number of Notes:** 4

**Subscription Agreement**

To: ERC Compactors LLC  
8800 E. Chaparral Road  
Suite 270  
Scottsdale, AZ 85250

Gentlemen:

1. **Subscription.** The undersigned hereby subscribes for 4 Notes of ERC Compactors LLC (the "Company"), an Arizona Limited Liability Company, and agrees to loan to the Company Fifteen Thousand (\$15,000) Dollars per Note for an aggregate loan of \$60,000.00 (the "Loan Amount") upon the terms and subject to the conditions (a) set forth herein, and (b) described in the Confidential Private Placement Memorandum ("Private Placement Memorandum") dated August 8, 2011 together with all exhibits thereto and materials included therewith, and all supplements, if any, related to this offering. The minimum loan is Fifteen Thousand (\$15,000) Dollars, but the Company has the discretion to offer fractional Notes for loans less than the minimum.

2. **Note Offering.** The Company is offering a minimum of Six (6) and up to a maximum of One Hundred (100) Notes at Fifteen Thousand (\$15,000) Dollars per Note, with a minimum subscription of one (1) Note (the "Offering"). The minimum aggregate loan to the Company will be Ninety Thousand (\$90,000) Dollars and the maximum aggregate loan to the Company from this Offering will be One Million Five Hundred Thousand (\$1,500,000) Dollars. The Offering is being made to a limited number of investors pursuant to an exemption available under the Securities Act of 1933 (the "Act"), specifically Rule 506 promulgated under Regulation D, and under certain other laws, including the securities law of certain states.

3. **Documents to be Delivered.** The undersigned is delivering to the Company executed copies of this Subscription Agreement (the "Agreement"), the Note(s), Offeree Questionnaire, and all other applicable exhibits and documents (the "Subscription Documents"). The Subscription Documents should be delivered to ERC Compactors LLC, at 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250. The undersigned understands and agrees that he or it will not become a "Holder" of the Note(s) and the Company shall not become a "Maker" of the Note(s) unless and until the Agreement and Note(s) are executed by the Company.



**4. Making of Loan Amount.** The undersigned, simultaneously with the delivery of the Subscription Documents to the Company, hereby tenders to the Company the Loan Amount by check made payable to the order of ERC Compactors LLC in the amount indicated above.

**5. Acceptance or Rejection of Subscription.** The undersigned understands and agrees that the Company reserves the right, exercisable in its sole discretion, to accept or reject any subscription, in whole or in part, for any reason and that the undersigned will be notified by the Company as promptly as practicable as to whether his or its subscription has been accepted or rejected. If the undersigned's subscription is accepted, in whole or in part, by the Company, the Company will execute this Agreement and the Note(s) and return them to the undersigned. If this subscription is rejected by the Company, either in whole or in part, all funds, in the case of a rejection of the subscription in whole, or those funds representing the amount of the subscription not accepted by the Company, in the case of a rejection of the subscription in part, will be returned to the undersigned as promptly as practicable. If this subscription is rejected in whole by the Company, this Agreement shall be null, void and of no effect. The undersigned does not have the right to withdraw or revoke his or its subscription during the Offering period, except as provided by certain state laws, except that if more than Twenty (20) days shall have passed from the date the Company received completed and executed Subscription Documents and the Loan Amount from the undersigned (the "Acceptance Period"), and the Company has not accepted the subscription during the Acceptance Period, the undersigned may withdraw his or its subscription at any time after the Acceptance Period up until such time that the Company subsequently decides, in its sole discretion, to accept the subscription in whole or in part.

**6. Offering Period.** The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon reaching the minimum offering amount of Ninety Thousand (\$90,000) Dollars.

2. Upon receipt of the maximum Offering subscription amount of One Million Five Hundred Thousand (\$1,500,000) Dollars.

3. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding Twenty (20) days thereafter to which the Company, in its sole discretion, may extend this Offering.

**7. Closing of the Loan.** The Note(s) subscribed for herein shall not be deemed made by the Company or held by the undersigned until this Agreement and the Note(s) have been countersigned by the Company, and until the funds delivered by the undersigned to the Company with the Subscription Documents have been deposited in the Holding Account and have been cleared by the applicable bank of the Company (the

"Effective Date"). Upon the Effective Date, (a) the undersigned shall have loaned to the Company the Loan Amount, (b) the undersigned shall become the Holder and the Company shall become the Maker of the Note(s) subscribed for by the undersigned, and (c) both the undersigned and the Company shall be bound by the terms of the Private Placement Memorandum and the Subscription Documents and any other undertakings described herein.

#### **8. Representations and Warranties.**

(a) The Company hereby represents and warrants as follows:

(i) The Company is a Limited Liability Company duly organized, validly existing and in good standing under the laws of the State of Arizona and has the requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted;

(ii) This Agreement constitutes the valid and binding obligation of the Company enforceable against the Company in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws from time to time in effect which affect creditor's rights generally and by legal and equitable limitations on the availability of specific performance and other equitable remedies under or by virtue of this Agreement). The Company has all requisite power and authority, corporate and other, to execute and deliver this Agreement and the Note(s) and to consummate the transactions contemplated hereby. All persons who have executed this Agreement and the Note(s) on behalf of the Company have been duly authorized to do so by all necessary corporate action. Neither the execution and delivery of this Agreement and the Note(s) nor the consummation of the transactions contemplated hereby will (A) violate any provision of the Certificate of Incorporation or Operating Agreement of the Company, as currently in effect; (B) violate any judgment, order, injunction, decree or award against, or binding upon, the Company or the securities, assets, properties, operations or business of the Company; or (C) violate any law or regulation applicable to the Company or to the securities, assets, properties, operations or business of the Company.

(b) In order to induce the Company to accept the subscription made hereby, the undersigned hereby represents and warrants to the Company as follows:

(i) The undersigned has received the Private Placement Memorandum and the Subscription Documents. The undersigned has read and understands the Private Placement Memorandum and Subscription Documents and the information contained in those documents concerning the Company and this Offering or has caused his or its representative to read and examine the Private Placement Memorandum and Subscription Documents. The undersigned has relied only on the information about the Company contained in these documents and his or its own independent investigation in making his or its subscription. The undersigned

understands that the Notes will be issued with the rights and subject to the conditions described in the Private Placement Memorandum and Subscription Documents;

(ii) The undersigned is familiar with the terms and conditions of the Offering and is aware that his or its investment involves a degree of risk and the undersigned has read the section in the Private Placement Memorandum titled "Risk Factors."

(iii) The undersigned hereby specifically accepts and adopts each and every provision of this Agreement and acknowledges and agrees with each and every provision of this Agreement and, upon acceptance by the Company of the subscription made hereby, agrees to be bound by such provisions.

(iv) The undersigned acknowledges and is aware that there is no assurance as to the future performance of the Company.

(v) The undersigned, if an individual (A) has reached the age of majority in the state in which he resides and (B) is a bona fide resident and domiciliary (not a temporary or transient resident) of the state set forth below his signature on the signature page hereof and has no present intention of becoming a resident of any other state or jurisdiction. The undersigned, if a partnership, corporation, limited liability company, trust or other entity, was organized or incorporated under the laws of the jurisdiction set forth below the signature made on its behalf on the signature page hereof and has no present intention of altering the jurisdiction of its organization, formation or incorporation.

(vi) The undersigned has the financial ability to bear the economic risk of an investment in the Offering, has adequate means of providing for his or its current needs and personal contingencies, has no need for liquidity in the Note(s) and could afford a complete loss of his or its investment in the Offering.

(vii) The undersigned represents and warrants to the Company that he or it comes within one of the categories of investors as defined in Exhibit 1 hereto (*please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity*).

(viii) The undersigned has been given the opportunity to review the merits of an investment in the Offering with tax and legal counsel or with an investment advisor to the extent the undersigned deemed advisable.

(ix) The undersigned's overall commitment to invest in the Note(s), which are not readily marketable, is not disproportionate to his or its net worth and his or its investment in the Offering will not cause such overall commitment to become excessive.

(x) The undersigned has such knowledge and experience in financial and business matters that he or it is capable of evaluating the merits and risks of an investment in the Offering.

(xi) The undersigned has been given a full opportunity to ask questions of and to receive (A) answers from the Company and its Managers concerning the terms and conditions of this Offering and the business of the Company and (B) such other information as he or it desired in order to evaluate an investment in the Offering, and all such questions have been answered to the full satisfaction of the undersigned. No oral or written representations have been made or oral or written information furnished to the undersigned or the undersigned's advisors in connection with the Offering or interests that were in any way inconsistent with this Subscription Agreement. The undersigned is not participating in the Offering as a result of or subsequent to: (1) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television, radio or the internet or (2) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

(xii) If the undersigned is a corporation, limited liability company, partnership, trust or other entity, it is authorized and qualified to make this loan to the Company and the person signing this Agreement on behalf of such entity has been duly authorized by such entity to do so.

(xiii) If the undersigned is a corporation, limited liability company or partnership, the person signing this Agreement on its behalf hereby represents and warrants that the information contained in this Agreement completed by any shareholders of such corporation, members of such limited liability company or partners of such partnership is true and correct with respect to such shareholder, member or partner (and if any such shareholder is itself a corporation, limited liability company or partnership, with respect to all persons having an equity interest in such corporation, limited liability company or partnership, whether directly or indirectly) and that the person signing this Agreement has made due inquiry to determine the truthfulness and accuracy of the information contained in this Agreement.

(xiv) The purchase of the Note(s) by the undersigned has been duly authorized, and the execution, delivery and performance of this Agreement does not conflict with the undersigned's partnership agreement, certificate of incorporation, by-laws, articles of organization, operating agreement or any agreement to which the undersigned is a party and this Agreement is a valid and binding agreement enforceable against the undersigned in accordance with its terms.

(xv) The undersigned hereby represents that he or it is subscribing for the Notes as principal or as trustee, solely for the account of the undersigned, for investment purposes only and not with a view to, or for, subdivision, resale, distribution, or fractionalization thereof, in whole or in part, or for the account, in

whole or in part, of others, and, except as disclosed herein, no other person has a direct or indirect beneficial interest in the Note(s). The undersigned will hold the Note(s) as an investment and has no reason to anticipate any change in circumstances or other particular occasion or event, which would cause the undersigned to attempt to sell any of the Note(s).

(xvi) The undersigned acknowledges his or its understanding that (A) the Offering of the Note(s) by the Company has not been registered under the Act, as amended, or the securities laws of certain states in reliance on specific exemptions from registration, (B) the Confidential Memorandum and Subscription Documents have not been filed with or reviewed by the Securities and Exchange Commission or the securities department of any state and no securities administrator of any state or the federal government has recommended or endorsed this Offering or made any finding or determination relating to the fairness of an investment in the Company, and (C) the Offering of the Note(s) by the Company is intended to be exempt from registration pursuant to Section 4 (2) of the Act and the rules promulgated thereunder by the Securities and Exchange Commission, and that the undersigned's Note(s) cannot be sold, pledged, assigned or otherwise disposed of unless they are registered under the Act or an exemption from such registration is available.

(xvii) The undersigned represents and warrants that he or it will not transfer or convey all or part of his or its financial interest in the Note(s) unless such Note(s) are subsequently registered under the Act, or an exemption from such registration is available and without (A) the prior written consent of the Company and (B) an opinion of counsel acceptable to the Company and its counsel to the effect that the Note(s) may be transferred without violation of the registration requirements of the Act or any applicable state securities laws, as may be amended from time to time. The undersigned further acknowledges that there can be no assurance that the Company will file any registration statement for the Note(s) for which the undersigned is subscribing, that such registration statement, if filed, will be declared effective or, if declared effective, that the Company will be able to keep it effective until the undersigned sells the Note(s) registered thereon.

(xviii) The undersigned understands that this Agreement is subject to the Company's acceptance and may be rejected by the Company at any time in its sole discretion in whole or any part prior to issuance of the Note(s) with respect to the undersigned's subscription, notwithstanding prior receipt by the undersigned of notice of acceptance of the undersigned's subscription. The Company reserves the right to withdraw the Offering at any time.

(xix) The undersigned acknowledges that this Agreement shall become binding upon the undersigned when it is countersigned by the Company and the undersigned is not entitled to cancel, terminate, or revoke this subscription before or after acceptance by the Company, except as otherwise provided in this Agreement.

(xx) All information provided by the undersigned in the Investor Questionnaire and Investor Representative Questionnaire (if applicable) which accompanies this Agreement is true and accurate in all respects, and the undersigned acknowledges that the Company will be relying on such information to its possible detriment in deciding whether the Company can make these Note(s) to the undersigned without giving rise to the loss of an exemption from registration under the applicable securities laws.

**9. Foreign Person.** If the undersigned has indicated on the signature page of this Agreement that he, she or it is a foreign person, he, she or it agrees to notify the Company in writing within sixty (60) days of becoming a nonresident alien, foreign corporation, foreign partnership, foreign trust, foreign estate or other foreign entity, as the case may be.

**10. Indemnity.** The undersigned agrees to indemnify and hold harmless the Company, its managers, members, agents, attorneys and affiliates and each other person, if any, who controls any thereof, within the meaning of Section 15 of the Act, against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the undersigned to comply with any covenant or agreement made by the undersigned herein or in this Agreement or in any other document furnished by the undersigned to any of the foregoing in connection with this transaction.

**11. Notice.** All notices in connection with this Agreement shall be in writing and personally delivered or delivered via overnight mail, with written receipt therefor, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 11) with a copy, in the case of notice to the Company, to ERC Compactors LLC, at 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

**12. Miscellaneous.**

(a) This Agreement is not assignable by the undersigned. This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) This Agreement shall be deemed to have been made in the State of Arizona and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in State of Arizona. The parties hereto hereby consent to personal

jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Agreement.

(c) This Agreement contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Agreement shall be effective unless in writing and signed by both parties to this Agreement.

(d) No waiver of any breach of any terms of this Agreement shall be effective unless made in writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall be construed as a waiver of any subsequent breach of that term or of any other term of the same or different nature.

(e) If any provision or portion of this Agreement or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Agreement.

(f) Each of the parties hereto shall cooperate and take such actions, and execute such other documents, at the execution hereof or subsequently, as may be reasonably requested by the other in order to carry out the provisions and purposes of this Agreement.

IN WITNESS WHEREOF, the undersigned, by his or its execution hereof, agrees to be bound by this Agreement.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2011,  
at \_\_\_\_\_ (City), \_\_\_\_\_ (State).

**If the Investor is an INDIVIDUAL, complete the following:**

The undersigned (*circle one*): **[is] [is not]** a citizen or resident of the United States.

\_\_\_\_\_  
Print Name of Individual:

\_\_\_\_\_  
Print Name of Spouse if Funds are to  
be invested in Joint Name or are  
Community Property:

\_\_\_\_\_  
Print Social Security Number of Individual:

\_\_\_\_\_  
Print Social Security Number of  
Spouse

\_\_\_\_\_  
Signature of Individual:

\_\_\_\_\_  
Signature of Spouse if Funds are to be  
Invested in Joint Name or are  
Community Property

\_\_\_\_\_  
Print Address of Residence:

\_\_\_\_\_  
Print Telephone Number:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_



The investor is PARTNERSHIP, CORPORATION, TRUST OR OTHER ENTITY, complete the following:

The undersigned (circle one) [is] [is not] a foreign partnership, foreign corporation, trust or foreign estate (as defined in the Internal Revenue Code of 1986, as amended, and the treasury regulations promulgated there under).

Print Name of Partnership, Corporation, Trust or Entity:

The Douglas R. and Janine L. Dunn Trust

*Douglas R. Dunn*

Title of Authorized Representative

Trustees

Signature of Authorized Representative

*Douglas R. Dunn*

*Janine L. Dunn*

Print Jurisdiction of Organization or Incorporation

Maricopa County, AZ

Print Name of Authorized Representative

Douglas R. Dunn  
Janine L. Dunn

Print Federal Tax Identification Number

[REDACTED]

Print Address of Residence:

[REDACTED] AZ

Print Telephone Number:

[REDACTED]

#### ACCEPTANCE

The terms of the foregoing, including the subscription described therein, are agreed to and accepted on this \_\_\_\_ day of \_\_\_\_\_, 2011

ERC COMPACTORS LLC

By:

*Jason Todd Mogler*

Jason Todd Mogler - President

By:

*Jim Hinkeldey*

Jim Hinkeldey - Vice-President

**EXHIBIT 1  
INVESTOR STATUS**

*(Please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity).*

                      
initials

A. "Non- accredited Investor". The undersigned does not meet the definition of an "Accredited Investor" as defined herein below;

  
initials

B. "Accredited Investor". The undersigned is an Accredited Investor as defined below (*check applicable box*):

☒ 1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds Five Hundred Thousand (\$500,000) Dollars;

☐ 2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of One Hundred Thousand (\$100,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;

☐ 3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U. S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a

self-directed plan, with investment decisions made solely by persons that are accredited investors;

☐ 4. Any private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940);

☐ 5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;

☐ 6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

☐ 7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

☐ 8.\* Any entity in which all of the equity owners are Accredited Investors.

**NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.**

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\* If this box is checked, please indicate on a separate schedule to be attached hereto, the category of Accredited Investor in which each equity owner of such entity is included.

**EXHIBIT B**  
**PROMISSORY NOTE**

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**EXHIBIT B**

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**PROMISSORY NOTE**

THIS NOTE HAS BEEN MADE FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO OR FOR SALE IN CONNECTION WITH THE DISTRIBUTION THEREOF AND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THIS NOTE MAY NOT BE SOLD, TRANSFERRED, OR ASSIGNED ("TRANSFER") UNLESS IT IS SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE AND THE MAKER CONSENTS IN WRITING TO SUCH TRANSFER.

ERC COMPACTORS LLC, an Arizona Limited Liability Company, with offices at 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250 (the "Maker"), for value received, promises to pay to the Individual and/or legal entity designated in this Note as the "HOLDER," the principal sum of Sixty Thousand (\$60,000.00) Dollars.

The Notes will have an annual rate of return of Twenty-Four (24%) percent simple interest over the term thereof, with a maturity date of Twenty-Four (24) months from the Commencement Date of each Note.

Principal and Interest shall be paid as follows:

Principal: Principal shall be paid at maturity. The maturity date is Twenty-Four (24) months from the Commencement Date of each Note.

Interest: Since there is a delivery period of approximately Ninety (90) days between the equipment purchase date and equipment delivery date, the first Ninety (90) days of interest will be deferred. The deferred interest (\$300 per month or \$900 for 90 days) will be added onto the note's principal amount of \$15,000. The new principal balance of the Note on the Ninety-First (91) day after the Commencement Date will be Fifteen Thousand Nine Hundred (\$15,900) dollars. Interest will be calculated on the combined amount of \$15,900 (\$15,900) and will be paid monthly commencing in the Fourth (4<sup>th</sup>) month.

The principal and any interest due on said principal may be prepaid at the sole discretion of the Company, without a prepayment penalty.

## **1. NOTES**

This Note in the principal amount of Fifteen Thousand (\$15,000) Dollars per Note, or any fractional amounts, is offered for sale by the Maker, pursuant to that certain "Private Placement Memorandum" dated August 8, 2011. The Note shall be senior debt of the Maker.

## **2. EVENTS OF DEFAULT**

A default shall be defined as one or more of the following events ("Event of Default") occurring and continuing:

- (a) The Maker shall fail to pay any interest payment on this Note when due for a period of Twenty (20) days after notice of such default has been sent by the Holder to the Maker.
- (b) The Maker shall dissolve or terminate the existence of the Maker.
- (c) The Maker shall file a petition in bankruptcy, make an assignment for the benefit of its creditors, or consent to or acquiesce in the appointment of a receiver for all or substantially all of its property, or a petition for the appointment of a receiver shall be filed against the Maker and remain unstayed for at least ninety (90) days.
- (d) If the maturity date is extended this will not be considered an event of default.

Upon the occurrence of an Event of Default, the Holder of this Note may, by written notice to the Maker, declare the unpaid principal amount and all accrued interest of the Note immediately due and payable.

## **3. SECURITY FOR PAYMENT OF THE NOTE(S)**

The Note(s) offered by the MAKER are secured by the equipment/compactors purchased.

## **4. COMMENCEMENT DATE OF THE NOTE**

The Commencement Date of the Note shall be the "Effective Date," as defined in that certain "Subscription Agreement" attached as Exhibit A to the Private Placement Memorandum.

**5. STATUS OF HOLDER**

The Maker may treat the Holder of this Note as the absolute owner of this Note for the purpose of making payments of principal or interest and for all other purposes, and shall not be affected by any notice to the contrary, unless the Maker so consents in writing.

**6. SECURITIES ACT RESTRICTIONS**

This Note has not been registered for sale under the Act. This Note may not be sold, offered for sale, pledged, assigned or otherwise disposed of, unless certain conditions are satisfied, as more fully set forth in the Subscription Agreement.

**7. ATTORNEYS' FEES**

The prevailing party in an action to enforce this Note shall be entitled to reasonable attorneys' fees, costs and collection expense.

**8. MISCELLANEOUS.**

(a) **Successors and Assigns.** The Holder may not assign, transfer or sell this Note to any party without the express written consent of the Maker. This Note shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) **Entire Agreement.** This Note contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Note shall be effective unless in writing and signed by both parties to this Note.

(c) **Notices.** All notices in connection with this Note shall be in writing and personally delivered or delivered via overnight mail, with written receipt therefore, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 8) with a copy to ERC Compactors LLC, 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

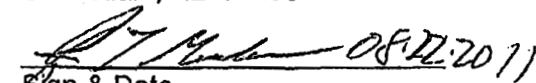
(d) **Section Headings.** The headings of the various sections of the Note have been inserted as a matter of convenience for reference only and shall be of no legal effect.

(e) **Severability.** If any provision or portion of this Note or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Note.

(f) **Applicable Law.** This Note shall be deemed to have been made in the State of Arizona, and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in the State of Arizona. The parties hereto hereby consent to personal jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Note.

**Maker:**

ERC Compactors LLC,  
An Arizona LLC  
8800 E. Chaparral Road  
Suite 270  
Scottsdale, AZ 85250

  
Sign & Date

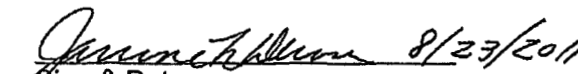
Jason Mogler  
Print Name

**Holder:**

The Douglas R. and Janine L. Dunn Trust

  
Sign & Date

Douglas R. Dunn  
Print Name

  
Sign & Date

Janine L. Dunn  
Print Name

Address:

 AZ 



EXHIBIT C

ERC Compactors LLC

Investor Suitability Questionnaire

To: Prospective purchasers of Promissory Notes (the "Notes") offered by ERC Compactors LLC (the "Company").

The Purpose of this Questionnaire is to solicit certain information regarding your financial status to determine whether you are an "Accredited Investor," as defined under applicable federal and state securities laws, and otherwise meet the suitability criteria established by the Company for purchasing Notes. *This questionnaire is not an offer to sell securities.*

Your answers will be kept as confidential as possible. You agree, however, that this Questionnaire may be shown to such persons as the Company deems appropriate to determine your eligibility as an Accredited Investor or to ascertain your general suitability for investing in the Notes.

*Please answer all questions completely and execute the signature page*

A. Personal

1. Name: THE DOUGLAS R. & JANINE L. DUNN TRUST
2. Address of Principal Residence: [REDACTED]  
[REDACTED] AZ [REDACTED] County: Maricopa
3. Residence Telephone: [REDACTED]
4. Where are you registered to vote? Maricopa Co, AZ
5. Your driver's license is issued by the following state: AZ
6. Other Residences or Contacts: Please identify any other state where you own a residence, are registered to vote, pay income taxes, hold a driver's license or have any other contacts, and describe your connection with such state:

n.a.

7. Please send all correspondence to:

- (1) X Residence Address (as set forth in item A-2)
- (2)      Business Address (as set forth in item B-1)

8. Date of Birth: [REDACTED]

9. Citizenship: USA

10. Social Security or Tax I.D. # [REDACTED]

**B. Occupations and Income**

1. Occupation: n.a.

(a) Business Address: n.a.

(b) Business Telephone Number: (n.a.)

2. Gross income during each of the last two years exceeded:

(1) ☐ \$25,000 (2) ☐ \$50,000

(3) ☒ \$100,000 (4) ☐ \$200,000

3. Joint gross income with spouse during each of the last two years exceeded \$300,000

(1) ☐ Yes (2) ☒ No

4. Estimated gross income during current year exceeds:

(1) ☐ \$25,000 (2) ☐ \$50,000

(3) ☒ \$100,000 (4) ☐ \$200,000

5. Estimated joint gross income with spouse during current year exceeds \$300,000

(1) ☐ Yes (2) ☒ No

**C. Net Worth**

1. Current net worth or joint net worth with spouse (note that "net worth" includes all of the assets owned by you and your spouse in excess of total liabilities, including the fair market value, less any mortgage, of your principal residence.)

(1) ☐ \$50,000-\$100,000 (2) ☐ \$100,000-\$250,000 (3) ☐ \$250,000-\$500,000

(4) ☐ \$500,000-\$750,000 (5) ☐ \$750,000-\$1,000,000 (6) ☒ over \$1,000,000

2. Current value of liquid assets (cash, freely marketable securities, cash surrender value of life insurance policies, and other items easily convertible into cash) is sufficient to provide for current

needs and possible personal contingencies:

(1) ☒ Yes (2) ☐ No

**D. Affiliation with the Company**

Are you a director or executive officer of the Company?

(1) ☐ Yes (2) ☒ No

**E. Investment Percentage of Net Worth**

If you expect to invest at least \$100,000 in Notes, does your total purchase price exceed 10% of your net worth at the time of sale, or joint net worth with your spouse.

(1) ☐ Yes (2) ☒ No

**F. Consistent Investment Strategy**

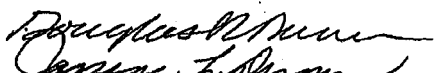
Is this investment consistent with your overall investment strategy?

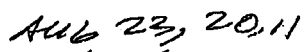
(1) ☒ Yes (2) ☐ No

**G. Prospective Investor's Representations**

The information contained in this Questionnaire is true and complete, and the undersigned understands that the Company and its counsel will rely on such information for the purpose of complying with all applicable securities laws as discussed above. The undersigned agrees to notify the Company promptly of any change in the foregoing information which may occur prior to any purchase by the undersigned of securities from the Company.

Prospective Investor:

  
\_\_\_\_\_  
Signature

  
Date: 8/23/2011, 20\_\_

\_\_\_\_\_  
Signature (of joint purchase if purchase is to be made as joint tenants or as tenants in common)

**EXHIBIT D**  
**ERC COMPACTORS LLC**  
**BUSINESS PLAN**

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

**ERC COMPACTORS LLC**

An Arizona Limited Liability Company

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**\$1,500,000**

Minimum Offering Amount: \$90,000

\$15,000 per Promissory Note (Unit)

**MINIMUM PURCHASE - 1 Promissory Note**

**24% Annual Rate of Return**

**Maturity Date: 24 months**

**Interest Paid Monthly After a Ninety (90) Day Interest Deferment Period**

**Redemption at Maturity - \$15,900 per Unit (includes deferred interest)**

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ERC Compactors LLC, an Arizona Limited Liability Company (hereinafter referred to as the "COMPANY"), is offering by means of this Confidential Private Placement Memorandum a minimum of Six (6) and a maximum of One Hundred (100) secured Promissory Notes ("Notes") at an offering price of Fifteen Thousand (\$15,000) Dollars per Note, for a minimum of Ninety Thousand Dollars (\$90,000) and a maximum total of One Million Five Hundred Thousand Dollars (\$1,500,000) to qualified investors who meet the Investor Suitability Requirements set forth herein (see "INVESTOR SUITABILITY REQUIREMENTS"). Each investor must agree to purchase the Notes, as a lender to the Company, for investment purposes only, and execute a Subscription Agreement in the form contained in the accompanying Subscription Booklet (see "TERMS OF THE OFFERING").

**THESE SECURITIES ARE SPECULATIVE AND INVESTMENT  
IN THE NOTES INVOLVES A DEGREE OF RISK  
(SEE "RISK FACTORS")**

	Offering Price	Selling Commissions	Proceeds to Company
Per Unit	\$15,000	\$1,500	\$13,500
Minimum Units	\$90,000	\$9,000	\$81,000
Maximum Units	\$1,500,000	\$150,000	\$1,350,000

**ERC Compactors LLC**

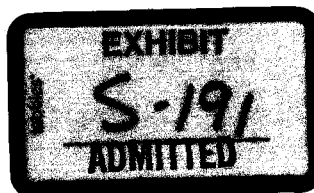
8800 E. Chaparral Road, Suite 270

Scottsdale, AZ 85250

Telephone: (480) 278-7031

Facsimile: (480) 278-8979

The date of this Private Placement Memorandum is August 8, 2011



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## **IMPORTANT NOTICES**

This Confidential Private Placement Offering Memorandum ("Memorandum") is submitted to you on a confidential basis solely for the purpose of evaluating the specific transaction described herein. This information shall not be photocopied, reproduced or distributed to others without the prior written consent of ERC Compactors LLC ("Company"). If the recipient determines not to purchase any of the Notes offered hereby, it will promptly return all material received in connection herewith without retaining any copies.

## **DISCLAIMERS**

THE NOTES OFFERED HEREBY IN THIS OFFERING MEMORANDUM HAVE NOT BEEN REGISTERED WITH, OR APPROVED, BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, NOR HAVE SUCH NOTES OR THIS MEMORANDUM BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL OF ANY STATE OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE. THIS OFFERING IS BASED ON THE EXEMPTION FROM SUCH REGISTRATION AS SET FORTH IN §4(2) AND RULE 506 OF REGULATION D OF THE SECURITIES ACT OF 1933, AS AMENDED.

THE INVESTMENT DESCRIBED IN THIS MEMORANDUM INVOLVES RISKS, AND IS OFFERED ONLY TO INDIVIDUALS WHO CAN AFFORD TO ASSUME SUCH RISK FOR AN INDEFINITE PERIOD OF TIME AND WHO AGREE TO PURCHASE THE NOTES ONLY FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TOWARD THE TRANSFER, RESALE, EXCHANGE OR FURTHER DISTRIBUTION THEREOF. THERE WILL BE NO PUBLIC MARKET FOR THE NOTES ISSUED PURSUANT TO THIS OFFERING MEMORANDUM. THE RESALE OF THE NOTES ARE LIMITED BY FEDERAL AND STATE SECURITIES LAWS AND IT IS THEREFORE RECOMMENDED THAT EACH POTENTIAL INVESTOR SEEK COUNSEL SHOULD THEY DESIRE MORE INFORMATION.

THE PRICE OF THE NOTES AS DESCRIBED IN THIS OFFERING MEMORANDUM HAS BEEN ARBITRARILY DETERMINED BY THE SPONSORS OF THIS INVESTMENT, AND EACH PROSPECTIVE INVESTOR SHOULD MAKE AN

INDEPENDENT EVALUATION OF THE FAIRNESS OF SUCH PRICE UNDER ALL THE CIRCUMSTANCES AS DESCRIBED IN THE ATTACHED OFFERING MEMORANDUM.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION IN CONNECTION WITH THIS MEMORANDUM, EXCEPT SUCH INFORMATION AS IS CONTAINED OR REFERENCED IN THIS MEMORANDUM. ONLY INFORMATION OR REPRESENTATIONS CONTAINED OR REFERENCED HEREIN MAY BE RELIED UPON AS HAVING BEEN MADE BY THE COMPANY. PROSPECTIVE INVESTORS WHO HAVE QUESTIONS CONCERNING THE TERMS AND CONDITIONS OF THIS PRIVATE OFFERING MEMORANDUM OR WHO DESIRE ADDITIONAL INFORMATION OR DOCUMENTATION TO VERIFY THE INFORMATION CONTAINED HEREIN SHOULD CONTACT THE COMPANY. PROJECTIONS OR FORECASTS CONTAINED IN THIS PRIVATE OFFERING MEMORANDUM, OR OTHER MATERIALS, MUST BE VIEWED ONLY AS ESTIMATES. ALTHOUGH ANY PROJECTIONS CONTAINED IN THIS MEMORANDUM ARE BASED UPON ASSUMPTIONS WHICH THE COMPANY BELIEVES TO BE REASONABLE, THE ACTUAL PERFORMANCE OF THE COMPANY MAY DEPEND UPON FACTORS BEYOND THE CONTROL OF THE COMPANY. NO ASSURANCE CAN BE GIVEN THAT THE COMPANY'S ACTUAL PERFORMANCE WILL MATCH ITS INTENDED RESULTS.



## 1. SUMMARY OF THE OFFERING

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY MORE DETAILED INFORMATION THAT MAY APPEAR ELSEWHERE IN THIS PRIVATE PLACEMENT MEMORANDUM. EACH PROSPECTIVE INVESTOR IS URGED TO READ THIS PRIVATE OFFERING MEMORANDUM IN ITS ENTIRETY.

ERC Compactors LLC (the "Company") was formed on August 3, 2011 as an Arizona Limited Liability Company. The Company is in the business of cardboard recycling on site at commercial properties.

The Securities offered are One Hundred (100) Notes issued by the Company at Fifteen Thousand (\$15,000) Dollars per Note, payable in cash at the time of subscription (see "Exhibit B" for copy of Promissory Note). The minimum purchase is one (1) Note. The Notes have an annual rate of return of Twenty-Four (24%) percent simple interest with a maturity date of Twenty-Four (24) months from the Commencement Date of each Note.

Principal and Interest shall be paid as follows:

Principal: Principal shall be paid at maturity. The maturity date is Twenty-Four (24) months from the Commencement Date of each Note.

Interest: Since there is a delivery period of approximately Ninety (90) days between the equipment purchase date and equipment delivery date, the first Ninety (90) days of interest will be deferred. The deferred interest (\$300 per month or \$900 for 90 days) will be added onto the note's principal amount of \$15,000. The new principal balance of the Note on the Ninety-First (91st) day after the Commencement Date will be Fifteen Thousand Nine Hundred (\$15,900) dollars. Interest will be calculated on the combined amount of Fifteen Thousand Nine Hundred (\$15,900) and will be paid monthly commencing in the Fourth (4<sup>th</sup>) month.

The notes will be secured by the equipment/compactors purchased.

None of the Notes are convertible to Membership Units, or other type of equity, in the Company. The Principal may be prepaid, at the sole discretion of the Company, without a prepayment penalty. This offering will commence on August 8, 2011, and will terminate no later than August 7, 2012, unless extended by the Company (see "TERMS OF THE OFFERING").

The gross proceeds of the offering will be a minimum of Ninety Thousand (\$90,000) Dollars and a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars. The use of the proceeds is to purchase compactor equipment to be installed at commercial locations (see "USE OF PROCEEDS").

## 2. THE COMPANY

ERC Compactors LLC (the "Company") was formed in August 3, 2011, as an Arizona Limited Liability Company. At the date of this offering, One Thousand (1,000) of the Company's Membership Units were authorized, issued and outstanding. The Company is in the business of recycling.

## **2.1 OPERATIONS**

ERC Compactors LLC is a new division of ERC which acquired C&D Construction Services Corporation. C&D Construction Services has been in recycling business for over ten years.

While ERC Compactors LLC is a new divisional venture and has yet to commence operations, it is in the same business and augments the company's recycling business. ERC Compactors LLC will supply a new source of commodities from new accounts such as strip malls.

For a complete discussion on the company's philosophy and operations, please see "Exhibit D - it's business plan".

## **2.2 BUSINESS PLAN**

ERC of Nevada LLC's business plan, included as Exhibit D of this Memorandum, was prepared by the Company using assumptions set forth in the Business Plan, including several forward looking statements. Each prospective investor should carefully review the business plan before purchasing Notes. Management makes no representations as to the accuracy or achievability of the underlying assumptions and projected results contained herein.

## **3. MANAGEMENT**

### **3.1 LLC MANAGERS**

The success of the company is dependent upon the services and expertise of existing management. At the present time, the following individuals are actively involved in the management of the Company:

#### **Jason Todd Mogler - President and Principal**

Jason Todd Mogler, partner of Tri-Core Companies, has twenty plus years of marketing experience in both domestic and international markets.

An Arizonan native, his family has been in the construction business since 1940 his grandfather Roger Krants was a general contractor who completed several major commercial and residential ventures. You could say that development is in Jason's blood since blood.

Jason's practical work experience include the position of Director of Construction Lending for Republic Mortgage, and the Director of Construction Lending for the prestigious Royal Bank of Canada, his extensive work experience gives him thorough knowledge of construction lending and banking operations.

Mr. Mogler has an impressive academic resume at Arizona State University where he holds a Bachelor of Science degree with a major in marketing and a minor in psychology. His master studies with Thunderbird American Graduate School of International Management give him an international understanding of business strategies and marketing position.

Jason has also been celebrated for his philanthropy with numerous organizations both in Arizona and throughout the country. Mr. Mogler has a very long reputation for honest business practices and fair dealings with all people both personally and professionally.

**Peter A. Salazar: Chief Executive Officer:**

Bachelor in Environmental Science - 2000

2000 - Founder of C&D Construction Services Inc - Construction Clean Up Company

2001- Co-Founder with Brother Luis Salazar of Starwood Lumber Products - Dimensional Lumber Products

2002 - Expanded C&D Construction Services Inc - Roll Off Division

2003 - Founder of Liberty Salvage Materials - Recycling Division of C&D Construction Services Inc.

2008 - 2010 - Nevada Recyclers Association - President

2009 - Liberty Salvage Materials - Environmental Business Journal - Achievement Award

**Jim Hinkeldey - Vice President and Principal**

Jim Hinkeldey possesses thirty-five years of banking and financial experience including portfolio management, joint venture management, and all aspects of the mortgage banking profession for select regional New York banks.

Mr. Hinkeldey spearheaded the Joint Venture division at Richmond Hill Savings Bank in New York. He was responsible for land acquisition through project conclusion which included the delivery of completed developments in a timely and cost efficient, profitable manner.

Mr. Hinkeldey also managed a mortgage backed portfolio. He successfully rearranged the structure of the portfolio to meet asset/liability re-pricing demands. His concept creation resulted in a portfolio that meet re-pricing sensitivity models while delivering positive bottom line results.

Mr. Hinkeldey's business philosophy is based on total enterprise engagement, accountability, and the deliverability of profitable projects. Mr. Hinkeldey's philosophy is that the client and his investment or requirements come first and are paramount to each success.

## **4. TERMS OF THE OFFERING**

### **4.1 GENERAL TERMS OF THE OFFERING**

This Private Offering Memorandum is offering a minimum of Six (6) and a maximum of One Hundred (100) Notes at Fifteen Thousand (\$15,000) Dollars per Note, for a minimum of Ninety Thousand (\$90,000) Dollars and a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars to a select group of Investors who satisfy the Investor Suitability Requirements (see "INVESTOR SUITABILITY REQUIREMENTS"). The Company has the authority to sell fractional Notes at its sole discretion. The Company has set a minimum offering proceeds figure of \$90,000 (the "minimum offering proceeds") for this Offering.

### **4.2 MINIMUM OFFERING AMOUNT - HOLDING ACCOUNT**

The Company has established an Investment Holding Account with Wells Fargo Bank, into which the minimum offering proceeds will be placed. At least Six (6) Notes must be sold for \$90,000 before such proceeds will be released from the holding account and utilized by the Company. After the minimum number of Notes is sold, all subsequent proceeds from the sale of Notes will be delivered directly to the Company.

### **4.3 NONTRANSFERABILITY OF NOTES**

The Notes have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), and are being offered in reliance upon an exemption under §4(2) and Rule 506 of Regulation D of the Securities Act, as amended, and rules and regulations hereunder. The Notes have not been registered under the securities laws of any state and will be offered pursuant to an exemption from registration in each state. A purchaser may transfer or dispose of the Note only if such Notes are subsequently registered under the Securities Act, or if an exemption from registration is available, and pursuant to an opinion of counsel acceptable to the Company and its counsel to the effect that the Notes may be transferred without violation of the registration requirements of the Securities Act or any other securities laws.

### **4.4 CLOSING OF THE OFFERING**

The Notes are offered and closed only when a properly completed Subscription Agreement (**Exhibit A**); Note (**Exhibit B**), and Investor Questionnaire (**Exhibit C**) are submitted by the investing Subscriber or his/her Investor Representatives and are received and accepted by the Company. The Subscription Agreement as submitted by an investing Subscriber or his/her Investor Representatives shall be binding once the Company signs the Subscription Agreement, Note and the funds delivered by the potential Investor to the Company with the Subscription Agreement has been cleared by the financial institution in which they are deposited by the Company. The Notes will be delivered to qualified Investors upon acceptance of their subscriptions. All funds collected from investing Subscribers will be deposited in a designated account under the control of the Company. Investors subscribing to the Notes may not withdraw or revoke their subscriptions at any

time prior to acceptance by the Company, except as provided by certain state laws, or if more than Twenty (20) days have passed after receipt of the Subscription Agreement by the Company without the Company accepting the Investor's funds and delivering all applicable documents to such Investor. The proceeds of this Offering will be used only for the purpose set forth in this Private Offering Memorandum (see "USE OF PROCEEDS").

The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon reaching the minimum offering amount of Ninety Thousand (\$90,000) Dollars.

2. Upon receipt of the maximum Offering subscription amount of One Million Five Hundred Thousand (\$1,500,000) Dollars.

3. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding Twenty (20) days thereafter to which the Company, in its sole discretion, may extend this Offering.

## **5. PLAN OF DISTRIBUTION**

### **5.1 OFFERING OF NOTES**

The Notes will be offered to prospective lenders by Officers and Directors of the Company and qualified licensed personnel, pursuant to State and Federal security rules and regulations. This Offering is made solely through this Private Placement Memorandum and without any form of general solicitation or advertising. The Company and its Officers and Directors or other authorized personnel will use their best efforts during the Offering period to find eligible Investors who desire to subscribe to the Notes in the Company. These Notes are offered on a "best efforts" basis, and there is no assurance that any or all of the Notes will be closed. The Company has the authorization to offer fractional Notes at its sole discretion. The Offering period will begin as of the date of this private Offering Memorandum and will close upon the happening of such occurrences as defined herein (see "TERMS OF THE OFFERING").

### **5.2 PAYMENTS TO BROKER DEALERS OR INVESTMENT ADVISORS**

The Company has the power to pay fees or commissions to qualified Broker Dealers, Registered Investment Advisors or any other person qualified under other applicable federal and state security laws.

## **6. DESCRIPTION OF NOTES**

### **6.1 NOTES**

The Company is offering One Hundred (100) Notes of the Company to potential investors at Fifteen Thousand (\$15,000) Dollars per Note, payable in cash at the time of the subscription. The minimum purchase is one (1) note. The Notes will have an annual rate of return of Twenty-Four (24%) percent simple interest over the term thereof, with a maturity date of Twenty-Four (24) months from the Commencement Date of each Note.

Principal and Interest shall be paid as follows:

Principal: Principal shall be paid at maturity. The maturity date is Twenty-Four (24) months from the Commencement Date of each Note.

Interest: Since there is a delivery period of approximately Ninety (90) days between the equipment purchase date and equipment delivery date, the first Ninety (90) days of interest will be deferred. The deferred interest (\$300 per month or \$900 for 90 days) will be added onto the note's principal amount of \$15,000. The new principal balance of the Note on the Ninety-First (91) day after the Commencement Date will be Fifteen Thousand Nine Hundred (\$15,900) dollars. Interest will be calculated on the combined amount of Fifteen Thousand Nine Hundred (\$15,900) dollars and will be paid monthly commencing in the Fourth (4<sup>th</sup>) month.

The notes will be secured by the equipment/compactors purchased.

The principal and any interest due on said principal may be prepaid at the sole discretion of the Company, without a prepayment penalty.

The Notes will be issued in the form attached hereto and incorporated herein by reference as though set forth in full herein as Exhibit B.

### **6.2 SECURITY FOR PAYMENT OF THE NOTES**

The Notes being offered by the Company in this Private Placement Offering will be secured by the equipment/compactors purchased.

### **6.3 REPORTS TO NOTEHOLDERS**

The Company will furnish annual unaudited reports to its Note holders ninety (90) days after its fiscal year. The Company may issue other interim reports to its Note holders as it deems appropriate. The Company's fiscal year ends on December 31<sup>st</sup> of each year.

## **7. USE OF PROCEEDS**

The gross proceeds of the Offering will be a minimum of Ninety Thousand (\$90,000) Dollars and a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars. The table below sets forth the use of proceeds for both the maximum and minimum offering amounts.

#### Sources

	Maximum Amount	Percent of Proceeds	Minimum Amount	Percent of Proceeds
Proceeds From Sale of Notes	\$1,500,000	100%	\$90,000	100%

#### Application of Proceeds

Offering Expenses (1)	\$ 5,000	0.33%	\$ 5,000	5.56%
Commissions (2)	\$ 150,000	10.00%	\$ 9,000	10.000%
Total Offering Expenses & Fees	\$ 155,000	10.33%	\$ 14,000	15.56%
Net Offering Proceeds (3)	\$ 1,345,000	89.67%	\$ 76,000	84.44%
Total Application of Proceeds	\$ 1,500,000	100%	\$ 90,000	100%

#### Footnotes:

(1) Includes estimated memorandum preparation, filing, printing, legal, accounting and other fees and expenses related to the Offering

(2) This Offering is being sold by the officers and directors of the Company, who will not receive any compensation for their efforts. No sales fees or commissions will be paid to such officers or directors. Notes may be sold by registered brokers or dealers who are members of the NASD and who enter into a Participating Dealer Agreement with the Company. Such brokers or dealers may receive commissions up to ten percent (10%) of the price of the Notes sold.

(3) Net offering proceeds available for the purchase of compactors/equipment.

## 8. CAPITALIZATION STATEMENT

### 8.1 CAPITALIZATION PRIOR TO AND AFTER THE OFFERING

The following table summarizes the capitalization of the Company prior to, and as adjusted to reflect, the issuance and sale of the maximum of One Hundred (100) Notes or One Million Five Hundred Thousand (\$1,500,000) Dollars.

	AS ADJUSTED 08/03/2011	AFTER THE OFFERING
Notes	<u>-0-</u>	<u>\$1,500,000</u>
Membership Units \$.10 par value, 1,000 Units authorized, 1000 Units issued and outstanding	\$100	\$100
Net Members Equity	\$100	\$100
TOTAL CAPITALIZATION	<u>\$100</u>	<u>\$1,500,100</u>

## 9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### 9.1 RESULTS OF OPERATIONS

The Company has yet to commence compactor operations.

### 9.2 LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity and capital resources are dependent on its ability to raise sufficient capital to pay for the purchase price of the Promissory Notes.

## 10. CERTAIN TRANSACTIONS

### 10.1 ARIZONA LIMITED LIABILITY CORPORATION

ERC Compactors LLC is a privately held Arizona Limited Liability Company, formed on August 3, 2011.

### 10.2 PRIVATE OFFERING OF NOTES

The Company is authorized to offer in this private offering, up to One Million Five Hundred Thousand (\$1,500,000) Dollars of Notes to selected investors, effective on August 8, 2011.



## **11. FIDUCIARY RESPONSIBILITIES OF THE DIRECTORS AND OFFICERS OF THE COMPANY**

### **11.1 GENERAL**

The Officers and Directors of the Company are accountable to the Company as fiduciaries and such Officers and Directors are required to exercise good faith and integrity in managing the Company's affairs and policies. Each Note holder of the Company, or their duly authorized representative, may inspect the books and records of the Company at any time during normal business hours. A Note holder may be able to bring an action on behalf of himself in the event the Note holder has suffered losses in connection with the purchase or sale of the Note(s) in the Company, due to a breach of fiduciary duty by an Officer or Director of the Company, in connection with such sale or purchase, including the misrepresentation or misapplication by any such Officer or Director of the proceeds from the sale of these Notes, and may be able to recover such losses from the Company.

### **11.2 INDEMNIFICATION**

Indemnification is permitted by the Company to directors, officers or controlling persons pursuant to Arizona law. Indemnification includes expenses, such as attorneys' fees and, in certain circumstances, judgments, fines and settlement amounts actually paid or incurred in connection with actual or threatened actions, suits or proceedings involving such person and arising from their relationship with the Company, except in certain circumstances where a person is adjudged to be guilty of gross negligence or willful misconduct, unless a court of competent jurisdiction determines that such indemnification is fair and reasonable under the circumstances.

## **12. RISK FACTORS**

THIS INVESTMENT INVOLVES A DEGREE OF RISK. AN INDIVIDUAL CONTEMPLATING INVESTMENT IN THIS OFFERING SHOULD GIVE CAREFUL CONSIDERATION TO THE ELEMENTS OF THE RISK SUMMARIZED BELOW, AS WELL AS THE OTHER RISK FACTORS IDENTIFIED ELSEWHERE IN THIS PRIVATE OFFERING MEMORANDUM.

### **12.1 FORMATION OF THE COMPANY**

The Company was formed on August 3, 2011. It is therefore subject to all the risks inherent in the creation of a new Company. Unforeseen expenses, complications and delays may occur with a new Company.

## **12.2 CONTROL BY COMPANY**

After completion of this offering, the Company will own one hundred percent (100%) of the issued and outstanding Membership Units. Such ownership will enable the Company to continue to elect all the Managers and to control the Company's policies and affairs. The Note holders will not have any voting rights in the Company.

## **12.3 RELIANCE ON THE COMPANY FOR MANAGEMENT**

All decisions with respect to the management of the Company will be made exclusively by the Managers of the LLC. The Note holders do not have the right or power to take part in the management of the Company. Accordingly, no person should purchase a Note unless he is willing to entrust all aspects of the management of the Company to existing Management.

## **12.4 LIMITED TRANSFERABILITY OF THE NOTES**

The transferability of the Notes in this offering are limited, and potential investors should recognize the nature of their investment in the offering. It is not expected that there will be a public market for the Notes because there will be only a limited number of investors and restrictions of the transferability of Notes. The Notes have not been registered under the Securities Act of 1933, as amended, or qualified or registered under the securities laws of any state and, therefore, the Notes cannot be resold unless they are subsequently so registered or qualified or an exemption from such registration is available. The offering also contains restrictions on the transferability of the Notes. Accordingly, purchasers of Notes will be required to hold such Notes to maturity unless otherwise approved by the Company. The Company does not intend to register the Notes under the Securities Act of 1933.

## **12.5 CAPITALIZATION OF THE COMPANY**

Prior to this offering, the Company was funded by its principals. Independent of the amounts raised in this offering, presently the Company does not have any other assets available to use to pay principal or interest on the Notes.

## **12.6 REGULATIONS**

The Company is subject to various federal and state laws, rules and regulations. The Company believes it is in full compliance with any and all applicable laws, rules and regulations.

## **12.7 U.S. ECONOMY**

The Company is subject to the U.S. Economy and its effect on consumer confidence and spending.

## **12.8 FORCE MAJEURE**

Neither party shall be liable in damages or have the right to terminate this Agreement for any delay or default in performing hereunder if such delay or default is caused by conditions beyond its control including, but not limited to Acts of God, Government restrictions (including the denial or cancellation of any export or other necessary license), wars, insurrections and/or any other cause beyond the reasonable control of the party whose performance is affected.

## **13. PRINCIPAL SHAREHOLDERS**

As of the date of this Offering, the Company has One Thousand (1,000) Membership Units issued and outstanding to Jason Todd Mogler and James Hinkeldey.

## **14. HOW TO INVEST**

An Investor who meets the qualifications as set forth in this Private Offering Memorandum may subscribe for at least the minimum purchase herein of One (1) Note (Fifteen Thousand (\$15,000) Dollars) by carefully reading this entire Private Offering Memorandum and by then completing and signing a separately bound booklet. This booklet contains identical copies of the following exhibits contained in the Private Offering Memorandum, including:

- Exhibit A     INSTRUCTIONS TO SUBSCRIBERS and SUBSCRIPTION AGREEMENT: This contains complete instructions to Subscribers and should be read in its entirety by the prospective investor prior to investing. The Subscription Agreement must be signed by the Investor.
- Exhibit B     PROMISSORY NOTE: This Note will be signed by ERC Compactors LLC.
- Exhibit C     INVESTOR QUESTIONNAIRE: This questionnaire requires a Subscriber to complete a financial history in order to aid the Company in the determination of the suitability of the Subscriber as a potential Investor. This questionnaire must be signed by the Investor.
- Exhibit D     ERC Nevada LLC Business Plan

Copies of all the above referenced documents are included with this Private Placement Memorandum. For discussion of the actions of the Company upon receipt of a properly completed request to invest by a Subscriber, please see "**TERMS OF THE OFFERING.**" Such Investor should include his check made payable to ERC

COMPACTORS LLC, along with the SUBSCRIPTION AGREEMENT, NOTE, AND INVESTOR QUESTIONNAIRE. Delivery of the documents referred to above, together with a check to the Company should be addressed to the Company as follows: ERC Compactors LLC, 8800 E. Chaparral Road., Suite 270, Scottsdale, AZ 85250.

## **15. INVESTOR SUITABILITY REQUIREMENTS**

### **15.1 INTRODUCTION**

Potential Investors should have experience in making investment decisions or such Investors should rely on their own tax consultants or other qualified investment advisors in making this investment decision.

### **15.2 GENERAL SUITABILITY**

Each potential Investor will be required to represent the following by execution of a Subscription Agreement:

1. The Investor has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in this Offering.
2. The Investor has the ability to bear the economic risk of this investment, has adequate means to provide for his, her or its current needs and personal contingencies, has no need for liquidity in this investment and could afford the complete loss of the investment.
3. The Investor is acquiring the Note(s) for his, her or its own account for investment purposes only and not with a view toward subdivision, resale, distribution or fractionalization thereof, or for the account of others, and has no present intention of selling or granting any participation in, or otherwise distributing, the Note(s).
4. The Investor's overall commitment to invest in the Note(s) is not disproportionate to his, her or its net worth and the investment in these Note(s) will not cause such overall commitment to become excessive.
5. The Investor has read and understands this Private Placement Memorandum and all its exhibits.

### **15.3 NONACCREDITED INVESTORS**

Up to and including thirty-five (35) investing Subscribers may be accepted by the Company as suitable Investors if each such Subscriber has a net worth sufficient to

bear the risk of losing his entire investment and meets the above "General Suitability Standards."

#### 15.4 ACCREDITED INVESTORS

In addition to satisfying the "General Standards" as defined above, all but thirty-five (35) Subscribers for Shares must each satisfy one of the "Accredited Investors" economic suitability standards as defined below:

1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds Five Hundred Thousand (\$500,000) Dollars;

2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of One Hundred Thousand (\$100,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;

3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

4. Any private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940);

5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;

6. Any director, executive officer or general partner of the Issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

8. Any entity in which all of the equity owners are Accredited Investors.

NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.

#### **15.5 ACCEPTANCE OF SUBSCRIPTION AGREEMENT BY THE COMPANY**

The Investor Suitability Requirements referred to in this section represent minimum requirements for potential Investors. Satisfaction of these standards does not necessarily mean that participation in this Offering constitutes a suitable investment for such a potential Investor or that the potential Investors' Subscription will be accepted by the Company. The Company may, in fact, modify such requirements as circumstances dictate. All Subscription Agreements submitted by potential Investors will be carefully reviewed by the Company to determine the suitability of the potential Investor in this Offering. The Company may, in its sole discretion, refuse a Subscription in this Offering to any potential Investor who does not meet the applicable Investor Suitability Requirements or who otherwise appears to be an unsuitable Investor in this Offering. The Company will not necessarily review or accept a Subscription Agreement in the sequential order in which it is received. The Company also has the discretion to maximize the number of Accredited Investors in this Offering and, as a result, may accept less than thirty-five (35) Non-accredited Investors in this Offering.

#### **16. LITIGATION**

The Company and its Managers have no lawsuits pending, no legal actions pending or judgments entered against the Company or Managers and, to the best knowledge of the Company, no legal actions are contemplated against the Company and/or its Managers.

#### **17. ADDITIONAL INFORMATION**

Reference materials described in this Private Offering Memorandum are available for inspection at the office of the company during normal business hours. It is the intention of the Company that all potential Investors are given full access to such information for their consideration in determining whether to purchase the Notes being offered. Prospective Investors should contact the Company for access to information regarding the matters set

forth or other information concerning the Company. Representatives of the Company will also answer all inquiries from potential investors concerning the Company and any matters relating to its proposed operations or present activities. The Company will afford potential investors and their representatives the opportunity to obtain any additional information reasonably necessary to verify the accuracy or the source of any representations or information contained in this Private Offering Memorandum. All contracts entered into by the Company are subject to modifications and the Company may make any changes in any such contracts as deemed appropriate in its best discretion. Such recent amendments may not be circulated to subscribers prior to the time of closing this offering. However, potential investors and their representatives may review such material or make inquiry of the Company concerning any of these and any other matters of interest.

## **18. FORECASTS OF FUTURE OPERATING RESULTS**

Any forecasts and proforma financial information which may be furnished by the Company to prospective investors or which are part of the Company's business plan, are for illustrative purposes only and are based upon assumptions made by Management regarding hypothetical future events. There is no assurance that actual events will correspond with the assumptions or that factors beyond the control of the Company will not affect the assumptions and adversely affect the illustrative value and conclusions of any forecasts.

## **19. GLOSSARY OF TERMS**

The following terms used in this Memorandum shall (unless the context otherwise requires) have the following respective meanings:

**ACCEPTANCE.** The acceptance by the Company of a prospective investor's subscription.

**ACCREDITED INVESTORS.** Those investors who meet the criteria set forth in "INVESTOR SUITABILITY REQUIREMENTS."

**BROKER-DEALER.** A person or firm licensed with the NASD, the SEC and with the securities or corporate commissions department of the state in which it sells investment securities and who may employ licensed agents for that purpose.

**COMPANY.** Refers to ERC COMPACTORS LLC, an Arizona Limited Liability Company.

**NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. (NASD).** A self-regulating body which licenses brokers and dealers handling securities offerings, reviews the terms of an offering's underwriting arrangements and

advertising literature and, while not a governmental agency, acts as a review service watchdog to make sure that its regulations and those of the SEC are followed for the Investor's protection in offerings of securities.

**NOTES.** A Fifteen Thousand (\$15,000) Dollar investment consisting of one (1) Promissory Note issued by **ERC COMPACTORS LLC**, an Arizona Limited Liability Company.

**SECURITIES ACT OF 1933.** A federal act regulated and enforced by the SEC that requires, among other things, the registration and use of a prospectus whenever a security is sold (unless the security or the manner of the Offering is expressly exempt from such registration process).

**SECURITIES EXCHANGE ACT OF 1934.** A federal act regulated and enforced by the SEC which supplements the Securities Act of 1933 and contains requirements which were designed to protect investors and to regulate the trading (secondary market) of securities. Such regulations require, among other things, the use of prescribed proxy statements when investors' votes are solicited; the disclosure of management and large shareholders' holding of securities; controls on the resale of such securities; and periodic (monthly, quarterly, annually) filing with the SEC of financial and disclosure reports of the Issuer.

**SECURITIES AND EXCHANGE COMMISSION (SEC).** An independent United States government regulatory and enforcement agency which supervises investment trading activities and registers companies and those securities which fall under its jurisdiction. The SEC also administers statutes to enforce disclosure requirements that were designed to protect investors in securities offerings.

**SUBSCRIPTION DOCUMENTS.** Consists of the Note, Subscription Agreement, Investor Questionnaire and a check as payment for the Note(s) to be purchased submitted by each prospective Investor to the Company.

**TERMINATION DATE.** The earlier to occur of the date on which all Notes are sold or August 7, 2012.

*(the remainder of this page has been intentionally left blank)*



20. ACKNOWLEDGMENT

By signing below, the undersigned acknowledges that he/she has read and understood this entire Private Placement Memorandum.

Ian Samuel Dunn  
Signature

10.24.11  
Date

Ian Samuel Dunn  
Print Name

**EXHIBIT A**  
**SUBSCRIPTION AGREEMENT**

Print Name of Subscriber: Ian Samuel Dunn

Amount Loaned: \$90,000.00

Number of Notes: 6

**ERC COMPACTORS LLC**  
**SUBSCRIPTION DOCUMENTS**

**OFFERING OF A MINIMUM OF SIX (6)  
AND A  
MAXIMUM OF ONE HUNDRED (100)  
SECURED PROMISSORY NOTES**

**FIFTEEN THOUSAND (\$15,000) DOLLARS PER NOTE**

**AUGUST 8, 2011**

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**SUBSCRIPTION INSTRUCTIONS**  
**(please read carefully)**

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Each subscriber for the secured Promissory Notes, Fifteen Thousand (\$15,000) Dollars per Note (the "Notes") of ERC Compactors LLC, an Arizona Limited Liability Company ("the Company"), must complete and execute the Subscription Documents in accordance with the instructions set forth below. The completed documents should be sent to ERC Compactors LLC, 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250.

**Payment for the Securities should be made by check payable to the Company and enclosed with the documents as directed in Section III below.**

- I. These Subscription Documents contain all of the materials necessary for you to purchase the Notes. This material is arranged in the following order:
  - Subscription Agreement
  - Promissory Note
  - Confidential Prospective Purchaser's Questionnaire
- II. All investors must complete in detail, date, initial, and sign the Subscription Documents where appropriate. All applicable sections must be filled in.
- III. Payment for the Notes must be made by check as provided below:

Please make your check payable, in the appropriate amount, for the number of Notes purchased (at Fifteen Thousand (\$15,000) per Note), to "ERC Compactors LLC". Your check should be enclosed with your signed subscription documents.

All funds received from subscribers will be placed in a segregated Holding Account of the Company. Once the minimum offering amount has been reached the funds will be transferred to the Company's operating account and will be available for use.

#### IV **SPECIAL INSTRUCTIONS**

**FOR CORPORATIONS.** Include copy of Board resolution designating the corporate officer authorized to sign on behalf of the corporation, a Board resolution authorizing the investment, and financial statements.

**FOR PARTNERSHIPS.** Provide a complete copy of the partnership agreement, questionnaire, and financial statements for each General Partner.

**FOR TRUSTS.** Provide a complete copy of the instruments or agreements creating the trust, as amended to date.

**Print Name of Subscriber:** Ian Samuel Dunn

**Amount Loaned:** \$90,000.00

**Number of Notes:** 6

**Subscription Agreement**

To: ERC Compactors LLC  
8800 E. Chaparral Road  
Suite 270  
Scottsdale, AZ 85250

Gentlemen:

**1. Subscription.** The undersigned hereby subscribes for 6 Notes of ERC Compactors LLC (the "Company"), an Arizona Limited Liability Company, and agrees to loan to the Company Fifteen Thousand (\$15,000) Dollars per Note for an aggregate loan of \$90,000.00 (the "Loan Amount") upon the terms and subject to the conditions (a) set forth herein, and (b) described in the Confidential Private Placement Memorandum ("Private Placement Memorandum") dated August 8, 2011 together with all exhibits thereto and materials included therewith, and all supplements, if any, related to this offering. The minimum loan is Fifteen Thousand (\$15,000) Dollars, but the Company has the discretion to offer fractional Notes for loans less than the minimum.

**2. Note Offering.** The Company is offering a minimum of Six (6) and up to a maximum of One Hundred (100) Notes at Fifteen Thousand (\$15,000) Dollars per Note, with a minimum subscription of one (1) Note (the "Offering"). The minimum aggregate loan to the Company will be Ninety Thousand (\$90,000) Dollars and the maximum aggregate loan to the Company from this Offering will be One Million Five Hundred Thousand (\$1,500,000) Dollars. The Offering is being made to a limited number of investors pursuant to an exemption available under the Securities Act of 1933 (the "Act"), specifically Rule 506 promulgated under Regulation D, and under certain other laws, including the securities law of certain states.

**3. Documents to be Delivered.** The undersigned is delivering to the Company executed copies of this Subscription Agreement (the "Agreement"), the Note(s), Offeree Questionnaire, and all other applicable exhibits and documents (the "Subscription Documents"). The Subscription Documents should be delivered to ERC Compactors LLC, at 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250. The undersigned understands and agrees that he or it will not become a "Holder" of the Note(s) and the Company shall not become a "Maker" of the Note(s) unless and until the Agreement and Note(s) are executed by the Company.

4. **Making of Loan Amount.** The undersigned, simultaneously with the delivery of the Subscription Documents to the Company, hereby tenders to the Company the Loan Amount by check made payable to the order of ERC Compactors LLC in the amount indicated above.

5. **Acceptance or Rejection of Subscription.** The undersigned understands and agrees that the Company reserves the right, exercisable in its sole discretion, to accept or reject any subscription, in whole or in part, for any reason and that the undersigned will be notified by the Company as promptly as practicable as to whether his or its subscription has been accepted or rejected. If the undersigned's subscription is accepted, in whole or in part, by the Company, the Company will execute this Agreement and the Note(s) and return them to the undersigned. If this subscription is rejected by the Company, either in whole or in part, all funds, in the case of a rejection of the subscription in whole, or those funds representing the amount of the subscription not accepted by the Company, in the case of a rejection of the subscription in part, will be returned to the undersigned as promptly as practicable. If this subscription is rejected in whole by the Company, this Agreement shall be null, void and of no effect. The undersigned does not have the right to withdraw or revoke his or its subscription during the Offering period, except as provided by certain state laws, except that if more than Twenty (20) days shall have passed from the date the Company received completed and executed Subscription Documents and the Loan Amount from the undersigned (the "Acceptance Period"), and the Company has not accepted the subscription during the Acceptance Period, the undersigned may withdraw his or its subscription at any time after the Acceptance Period up until such time that the Company subsequently decides, in its sole discretion, to accept the subscription in whole or in part.

6. **Offering Period.** The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon reaching the minimum offering amount of Ninety Thousand (\$90,000) Dollars.

2. Upon receipt of the maximum Offering subscription amount of One Million Five Hundred Thousand (\$1,500,000) Dollars.

3. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding Twenty (20) days thereafter to which the Company, in its sole discretion, may extend this Offering.

7. **Closing of the Loan.** The Note(s) subscribed for herein shall not be deemed made by the Company or held by the undersigned until this Agreement and the Note(s) have been countersigned by the Company, and until the funds delivered by the undersigned to the Company with the Subscription Documents have been deposited in the Holding Account and have been cleared by the applicable bank of the Company (the

"Effective Date"). Upon the Effective Date, (a) the undersigned shall have loaned to the Company the Loan Amount, (b) the undersigned shall become the Holder and the Company shall become the Maker of the Note(s) subscribed for by the undersigned, and (c) both the undersigned and the Company shall be bound by the terms of the Private Placement Memorandum and the Subscription Documents and any other undertakings described herein.

#### **8. Representations and Warranties.**

(a) The Company hereby represents and warrants as follows:

(i) The Company is a Limited Liability Company duly organized, validly existing and in good standing under the laws of the State of Arizona and has the requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted;

(ii) This Agreement constitutes the valid and binding obligation of the Company enforceable against the Company in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws from time to time in effect which affect creditor's rights generally and by legal and equitable limitations on the availability of specific performance and other equitable remedies under or by virtue of this Agreement). The Company has all requisite power and authority, corporate and other, to execute and deliver this Agreement and the Note(s) and to consummate the transactions contemplated hereby. All persons who have executed this Agreement and the Note(s) on behalf of the Company have been duly authorized to do so by all necessary corporate action. Neither the execution and delivery of this Agreement and the Note(s) nor the consummation of the transactions contemplated hereby will (A) violate any provision of the Certificate of Incorporation or Operating Agreement of the Company, as currently in effect; (B) violate any judgment, order, injunction, decree or award against, or binding upon, the Company or the securities, assets, properties, operations or business of the Company; or (C) violate any law or regulation applicable to the Company or to the securities, assets, properties, operations or business of the Company.

(b) In order to induce the Company to accept the subscription made hereby, the undersigned hereby represents and warrants to the Company as follows:

(i) The undersigned has received the Private Placement Memorandum and the Subscription Documents. The undersigned has read and understands the Private Placement Memorandum and Subscription Documents and the information contained in those documents concerning the Company and this Offering or has caused his or its representative to read and examine the Private Placement Memorandum and Subscription Documents. The undersigned has relied only on the information about the Company contained in these documents and his or its own independent investigation in making his or its subscription. The undersigned

understands that the Notes will be issued with the rights and subject to the conditions described in the Private Placement Memorandum and Subscription Documents;

(ii) The undersigned is familiar with the terms and conditions of the Offering and is aware that his or its investment involves a degree of risk and the undersigned has read the section in the Private Placement Memorandum titled "Risk Factors."

(iii) The undersigned hereby specifically accepts and adopts each and every provision of this Agreement and acknowledges and agrees with each and every provision of this Agreement and, upon acceptance by the Company of the subscription made hereby, agrees to be bound by such provisions.

(iv) The undersigned acknowledges and is aware that there is no assurance as to the future performance of the Company.

(v) The undersigned, if an individual (A) has reached the age of majority in the state in which he resides and (B) is a bona fide resident and domiciliary (not a temporary or transient resident) of the state set forth below his signature on the signature page hereof and has no present intention of becoming a resident of any other state or jurisdiction. The undersigned, if a partnership, corporation, limited liability company, trust or other entity, was organized or incorporated under the laws of the jurisdiction set forth below the signature made on its behalf on the signature page hereof and has no present intention of altering the jurisdiction of its organization, formation or incorporation.

(vi) The undersigned has the financial ability to bear the economic risk of an investment in the Offering, has adequate means of providing for his or its current needs and personal contingencies, has no need for liquidity in the Note(s) and could afford a complete loss of his or its investment in the Offering.

(vii) The undersigned represents and warrants to the Company that he or it comes within one of the categories of investors as defined in Exhibit 1 hereto (*please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity*).

(viii) The undersigned has been given the opportunity to review the merits of an investment in the Offering with tax and legal counsel or with an investment advisor to the extent the undersigned deemed advisable.

(ix) The undersigned's overall commitment to invest in the Note(s), which are not readily marketable, is not disproportionate to his or its net worth and his or its investment in the Offering will not cause such overall commitment to become excessive.



(x) The undersigned has such knowledge and experience in financial and business matters that he or it is capable of evaluating the merits and risks of an investment in the Offering.

(xi) The undersigned has been given a full opportunity to ask questions of and to receive (A) answers from the Company and its Managers concerning the terms and conditions of this Offering and the business of the Company and (B) such other information as he or it desired in order to evaluate an investment in the Offering, and all such questions have been answered to the full satisfaction of the undersigned. No oral or written representations have been made or oral or written information furnished to the undersigned or the undersigned's advisors in connection with the Offering or interests that were in any way inconsistent with this Subscription Agreement. The undersigned is not participating in the Offering as a result of or subsequent to: (1) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television, radio or the internet or (2) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

(xii) If the undersigned is a corporation, limited liability company, partnership, trust or other entity, it is authorized and qualified to make this loan to the Company and the person signing this Agreement on behalf of such entity has been duly authorized by such entity to do so.

(xiii) If the undersigned is a corporation, limited liability company or partnership, the person signing this Agreement on its behalf hereby represents and warrants that the information contained in this Agreement completed by any shareholders of such corporation, members of such limited liability company or partners of such partnership is true and correct with respect to such shareholder, member or partner (and if any such shareholder is itself a corporation, limited liability company or partnership, with respect to all persons having an equity interest in such corporation, limited liability company or partnership, whether directly or indirectly) and that the person signing this Agreement has made due inquiry to determine the truthfulness and accuracy of the information contained in this Agreement.

(xiv) The purchase of the Note(s) by the undersigned has been duly authorized, and the execution, delivery and performance of this Agreement does not conflict with the undersigned's partnership agreement, certificate of incorporation, by-laws, articles of organization, operating agreement or any agreement to which the undersigned is a party and this Agreement is a valid and binding agreement enforceable against the undersigned in accordance with its terms.

(xv) The undersigned hereby represents that he or it is subscribing for the Notes as principal or as trustee, solely for the account of the undersigned, for investment purposes only and not with a view to, or for, subdivision, resale, distribution, or fractionalization thereof, in whole or in part, or for the account, in

whole or in part, of others, and, except as disclosed herein, no other person has a direct or indirect beneficial interest in the Note(s). The undersigned will hold the Note(s) as an investment and has no reason to anticipate any change in circumstances or other particular occasion or event, which would cause the undersigned to attempt to sell any of the Note(s).

(xvi) The undersigned acknowledges his or its understanding that (A) the Offering of the Note(s) by the Company has not been registered under the Act, as amended, or the securities laws of certain states in reliance on specific exemptions from registration, (B) the Confidential Memorandum and Subscription Documents have not been filed with or reviewed by the Securities and Exchange Commission or the securities department of any state and no securities administrator of any state or the federal government has recommended or endorsed this Offering or made any finding or determination relating to the fairness of an investment in the Company, and (C) the Offering of the Note(s) by the Company is intended to be exempt from registration pursuant to Section 4 (2) of the Act and the rules promulgated thereunder by the Securities and Exchange Commission, and that the undersigned's Note(s) cannot be sold, pledged, assigned or otherwise disposed of unless they are registered under the Act or an exemption from such registration is available.

(xvii) The undersigned represents and warrants that he or it will not transfer or convey all or part of his or its financial interest in the Note(s) unless such Note(s) are subsequently registered under the Act, or an exemption from such registration is available and without (A) the prior written consent of the Company and (B) an opinion of counsel acceptable to the Company and its counsel to the effect that the Note(s) may be transferred without violation of the registration requirements of the Act or any applicable state securities laws, as may be amended from time to time. The undersigned further acknowledges that there can be no assurance that the Company will file any registration statement for the Note(s) for which the undersigned is subscribing, that such registration statement, if filed, will be declared effective or, if declared effective, that the Company will be able to keep it effective until the undersigned sells the Note(s) registered thereon.

(xviii) The undersigned understands that this Agreement is subject to the Company's acceptance and may be rejected by the Company at any time in its sole discretion in whole or any part prior to issuance of the Note(s) with respect to the undersigned's subscription, notwithstanding prior receipt by the undersigned of notice of acceptance of the undersigned's subscription. The Company reserves the right to withdraw the Offering at any time.

(xix) The undersigned acknowledges that this Agreement shall become binding upon the undersigned when it is countersigned by the Company and the undersigned is not entitled to cancel, terminate, or revoke this subscription before or after acceptance by the Company, except as otherwise provided in this Agreement.

(xx) All information provided by the undersigned in the Investor Questionnaire and Investor Representative Questionnaire (if applicable) which accompanies this Agreement is true and accurate in all respects, and the undersigned acknowledges that the Company will be relying on such information to its possible detriment in deciding whether the Company can make these Note(s) to the undersigned without giving rise to the loss of an exemption from registration under the applicable securities laws.

**9. Foreign Person.** If the undersigned has indicated on the signature page of this Agreement that he, she or it is a foreign person, he, she or it agrees to notify the Company in writing within sixty (60) days of becoming a nonresident alien, foreign corporation, foreign partnership, foreign trust, foreign estate or other foreign entity, as the case may be.

**10. Indemnity.** The undersigned agrees to indemnify and hold harmless the Company, its managers, members, agents, attorneys and affiliates and each other person, if any, who controls any thereof, within the meaning of Section 15 of the Act, against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the undersigned to comply with any covenant or agreement made by the undersigned herein or in this Agreement or in any other document furnished by the undersigned to any of the foregoing in connection with this transaction.

**11. Notice.** All notices in connection with this Agreement shall be in writing and personally delivered or delivered via overnight mail, with written receipt therefor, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 11) with a copy, in the case of notice to the Company, to ERC Compactors LLC, at 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

**12. Miscellaneous.**

(a) This Agreement is not assignable by the undersigned. This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) This Agreement shall be deemed to have been made in the State of Arizona and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in State of Arizona. The parties hereto hereby consent to personal

jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Agreement.

(c) This Agreement contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Agreement shall be effective unless in writing and signed by both parties to this Agreement.

(d) No waiver of any breach of any terms of this Agreement shall be effective unless made in writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall be construed as a waiver of any subsequent breach of that term or of any other term of the same or different nature.

(e) If any provision or portion of this Agreement or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Agreement.

(f) Each of the parties hereto shall cooperate and take such actions, and execute such other documents, at the execution hereof or subsequently, as may be reasonably requested by the other in order to carry out the provisions and purposes of this Agreement.

IN WITNESS WHEREOF, the undersigned, by his or its execution hereof, agrees to be bound by this Agreement.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2011,  
at \_\_\_\_\_ (City), \_\_\_\_\_ (State).

**If the Investor is an INDIVIDUAL, complete the following:**

The undersigned (*circle one*): **(is)** [is not] a citizen or resident of the United States.

Ian Samuel Dunn

Print Name of Individual:

[REDACTED]

Print Social Security Number of Individual:

*Ian Samuel Dunn*

Signature of Individual:

Print Address of Residence:

[REDACTED]  
[REDACTED] AZ [REDACTED]

Print Name of Spouse if Funds are to  
be Invested In Joint Name or are  
Community Property:

Print Social Security Number of  
Spouse

Signature of Spouse if Funds are to be  
Invested in Joint Name or are  
Community Property

Print Telephone Number:

[REDACTED]

The investor is PARTNERSHIP, CORPORATION, TRUST OR OTHER ENTITY, complete the following:

The undersigned (*circle one*) [is] [is not] a foreign partnership, foreign corporation, trust or foreign estate (as defined in the Internal Revenue Code of 1986, as amended, and the treasury regulations promulgated there under).

Print Name of Partnership, Corporation, Trust or Entity:

Title of Authorized Representative

Signature of Authorized Representative

Print Jurisdiction of Organization or Incorporation

Print Name of Authorized Representative

Print Federal Tax Identification Number

Print Address of Residence:

Print Telephone Number:

#### ACCEPTANCE

The terms of the foregoing, including the subscription described therein, are agreed to and accepted on this \_\_\_\_ day of \_\_\_\_\_, 2011

ERC COMPACTORS LLC

By:



Jason Todd Mogler - President

By:

Jim Hinkeldey - Vice-President

**EXHIBIT 1  
INVESTOR STATUS**

*(Please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity).*

ASB  
initials

A. **"Non- accredited Investor"**. The undersigned does not meet the definition of an "Accredited Investor" as defined herein below;

                      
initials

B. **"Accredited Investor"**. The undersigned is an Accredited Investor as defined below (*check applicable box*):

☐ 1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds Five Hundred Thousand (\$500,000) Dollars;

☐ 2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of One Hundred Thousand (\$100,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;

☐ 3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U. S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

☐ 4. Any private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940);

☐ 5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;

☐ 6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

☐ 7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

☐ 8. Any entity in which all of the equity owners are Accredited Investors.

**NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.**

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\* If this box is checked, please indicate on a separate schedule to be attached hereto, the category of Accredited Investor in which each equity owner of such entity is included.



**EXHIBIT B**  
**PROMISSORY NOTE**

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**EXHIBIT B**

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**PROMISSORY NOTE**

**THIS NOTE HAS BEEN MADE FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO OR FOR SALE IN CONNECTION WITH THE DISTRIBUTION THEREOF AND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THIS NOTE MAY NOT BE SOLD, TRANSFERRED, OR ASSIGNED ("TRANSFER") UNLESS IT IS SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE AND THE MAKER CONSENTS IN WRITING TO SUCH TRANSFER.**

**ERC COMPACTORS LLC**, an Arizona Limited Liability Company, with offices at 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250 (the "Maker"), for value received, promises to pay to the Individual and/or legal entity designated in this Note as the "HOLDER," the principal sum of **Ninety Thousand (\$90,000.00) Dollars**.

The Notes will have an annual rate of return of Twenty-Four (24%) percent simple interest over the term thereof, with a maturity date of Twenty-Four (24) months from the Commencement Date of each Note.

Principal and Interest shall be paid as follows:

**Principal:** Principal shall be paid at maturity. The maturity date is Twenty-Four (24) months from the Commencement Date of each Note.

**Interest:** Since there is a delivery period of approximately Ninety (90) days between the equipment purchase date and equipment delivery date, the first Ninety (90) days of interest will be deferred. The deferred interest (\$300 per month or \$900 for 90 days) will be added onto the note's principal amount of \$15,000. The new principal balance of the Note on the Ninety-First (91) day after the Commencement Date will be Fifteen Thousand Nine Hundred (\$15,900) dollars. Interest will be calculated on the combined amount of \$15,900 (\$15,900) and will be paid monthly commencing in the Fourth (4<sup>th</sup>) month.

The principal and any interest due on said principal may be prepaid at the sole discretion of the Company, without a prepayment penalty.

**1. NOTES**

This Note in the principal amount of Fifteen Thousand (\$15,000) Dollars per Note, or any fractional amounts, is offered for sale by the Maker, pursuant to that certain "Private Placement Memorandum" dated August 8, 2011. The Note shall be senior debt of the Maker.

**2. EVENTS OF DEFAULT**

A default shall be defined as one or more of the following events ("Event of Default") occurring and continuing:

- (a) The Maker shall fail to pay any interest payment on this Note when due for a period of Twenty (20) days after notice of such default has been sent by the Holder to the Maker.
- (b) The Maker shall dissolve or terminate the existence of the Maker.
- (c) The Maker shall file a petition in bankruptcy, make an assignment for the benefit of its creditors, or consent to or acquiesce in the appointment of a receiver for all or substantially all of its property, or a petition for the appointment of a receiver shall be filed against the Maker and remain unstayed for at least ninety (90) days.
- (d) If the maturity date is extended this will not be considered an event of default.

Upon the occurrence of an Event of Default, the Holder of this Note may, by written notice to the Maker, declare the unpaid principal amount and all accrued interest of the Note immediately due and payable.

**3. SECURITY FOR PAYMENT OF THE NOTE(S)**

The Note(s) offered by the MAKER are secured by the equipment/compactors purchased.

**4. COMMENCEMENT DATE OF THE NOTE**

The Commencement Date of the Note shall be the "Effective Date," as defined in that certain "Subscription Agreement" attached as Exhibit A to the Private Placement Memorandum.

**5. STATUS OF HOLDER**

The Maker may treat the Holder of this Note as the absolute owner of this Note for the purpose of making payments of principal or interest and for all other purposes,

and shall not be affected by any notice to the contrary, unless the Maker so consents in writing.

## **6. SECURITIES ACT RESTRICTIONS**

This Note has not been registered for sale under the Act. This Note may not be sold, offered for sale, pledged, assigned or otherwise disposed of, unless certain conditions are satisfied, as more fully set forth in the Subscription Agreement.

## **7. ATTORNEYS' FEES**

The prevailing party in an action to enforce this Note shall be entitled to reasonable attorneys' fees, costs and collection expense.

## **8. MISCELLANEOUS.**

(a) **Successors and Assigns.** The Holder may not assign, transfer or sell this Note to any party without the express written consent of the Maker. This Note shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) **Entire Agreement.** This Note contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Note shall be effective unless in writing and signed by both parties to this Note.

(c) **Notices.** All notices in connection with this Note shall be in writing and personally delivered or delivered via overnight mail, with written receipt therefore, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 8) with a copy to ERC Compactors LLC, 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

(d) **Section Headings.** The headings of the various sections of the Note have been inserted as a matter of convenience for reference only and shall be of no legal effect.

(e) **Severability.** If any provision or portion of this Note or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Note.

(f) **Applicable Law.** This Note shall be deemed to have been made in the State of Arizona, and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in the State of Arizona. The parties hereto hereby consent to personal jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Note.

**Maker:**

ERC Compactors LLC,  
An Arizona LLC  
8800 E. Chaparral Road  
Suite 270  
Scottsdale, AZ 85250

*[Signature]* 10-21-2011  
Sign & Date

Jason Mogler  
Print Name

**Holder:**

Ian Samuel Dunn

*Ian Samuel Dunn* 10-24-11  
Sign & Date

Ian Samuel Dunn  
Print Name

Address:  
[Redacted]  
[Redacted] AZ [Redacted]

**EXHIBIT C**  
**Investor Suitability Questionnaire**

EXHIBIT C

ERC Compactors LLC

Investor Suitability Questionnaire

To: Prospective purchasers of Promissory Notes (the "Notes") offered by ERC Compactors LLC (the "Company").

The Purpose of this Questionnaire is to solicit certain information regarding your financial status to determine whether you are an "Accredited Investor," as defined under applicable federal and state securities laws, and otherwise meet the suitability criteria established by the Company for purchasing Notes. *This questionnaire is not an offer to sell securities.*

Your answers will be kept as confidential as possible. You agree, however, that this Questionnaire may be shown to such persons as the Company deems appropriate to determine your eligibility as an Accredited Investor or to ascertain your general suitability for investing in the Notes.

*Please answer all questions completely and execute the signature page*

A. Personal

1. Name: IAN SAMUEL DUNN
2. Address of Principal Residence: [REDACTED]  
[REDACTED] Arizona [REDACTED] County: Maricopa
3. Residence Telephone: [REDACTED]
4. Where are you registered to vote? Maricopa Co Arizona
5. Your driver's license is issued by the following state: Arizona

6. Other Residences or Contacts: Please identify any other state where you own a residence, are registered to vote, pay income taxes, hold a driver's license or have any other contacts, and describe your connection with such state:

N/A

7. Please send all correspondence to:

(1) ☒ Residence Address (as set forth in item A-2)

(2) ☐ Business Address (as set forth in item B-1)

8. Date of Birth: [REDACTED]

9. Citizenship: U.S.

10. Social Security or Tax I.D. #: [REDACTED]

**B. Occupations and Income**

1. Occupation: Retail Sales

(a) Business Address: —

(b) Business Telephone Number: ( — ) —

2. Gross income during each of the last two years exceeded:

(1) ☒ \$25,000

(2) ☐ \$50,000

(3) ☐ \$100,000

(4) ☐ \$200,000

3. Joint gross income with spouse during each of the last two years exceeded \$300,000

(1) ☐ Yes

(2) ☒ No

4. Estimated gross income during current year exceeds:

(1) ☐ \$25,000

(2) ☒ \$50,000

(3) ☐ \$100,000

(4) ☐ \$200,000

5. Estimated joint gross income with spouse during current year exceeds \$300,000

(1) ☐ Yes

(2) ☒ No

**C. Net Worth**

1. Current net worth or joint net worth with spouse (note that "net worth" includes all of the assets owned by you and your spouse in excess of total liabilities, including the fair market value, less any mortgage, of your principal residence.)

(1) ☐ \$50,000-\$100,000 (2) ☒ \$100,000-\$250,000 (3) ☐ \$250,000-\$500,000



(4)\_\_\_\_\$500,000-\$750,000 (5)\_\_\_\_\$750,000-\$1,000,000 (6)\_\_\_\_over \$1,000,000

2. Current value of liquid assets (cash, freely marketable securities, cash surrender value of life insurance policies, and other items easily convertible into cash) is sufficient to provide for current needs and possible personal contingencies:

(1) ☒ Yes (2)\_\_\_\_No

**D. Affiliation with the Company**

Are you a director or executive officer of the Company?

(1)\_\_\_\_Yes (2) ☒ No

**E. Investment Percentage of Net Worth**

If you expect to invest at least \$100,000 in Notes, does your total purchase price exceed 10% of your net worth at the time of sale, or joint net worth with your spouse.

(1)\_\_\_\_Yes (2) ☒ No

**F. Consistent Investment Strategy**

Is this investment consistent with your overall investment strategy?

(1) ☒ Yes (2)\_\_\_\_No

**G. Prospective Investor's Representations**

The information contained in this Questionnaire is true and complete, and the undersigned understands that the Company and its counsel will rely on such information for the purpose of complying with all applicable securities laws as discussed above. The undersigned agrees to notify the Company promptly of any change in the foregoing information which may occur prior to any purchase by the undersigned of securities from the Company.

Prospective Investor:

Alan Sam Gunn  
Signature

Date: 10 - 24, 2011

\_\_\_\_\_  
Signature (of joint purchase if purchase is to be made as joint tenants or as tenants in common)

**EXHIBIT D**  
**ERC COMPACTORS LLC**  
**BUSINESS PLAN**

Memorandum# Carol Polanchek  
E-mail: blackrose1920@

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

**ERC COMPACTORS LLC**

An Arizona Limited Liability Company

**\$1,500,000**

Minimum Offering Amount: \$90,000

\$15,000 per Promissory Note (Unit)

**MINIMUM PURCHASE - 1 Promissory Note**

**24% Annual Rate of Return**

**Maturity Date: 24 months**

**Interest Paid Monthly After a Ninety (90) Day Interest Deferment Period**

**Redemption at Maturity - \$15,900 per Unit (Includes deferred interest)**

ERC Compactors LLC, an Arizona Limited Liability Company (hereinafter referred to as the "COMPANY"), is offering by means of this Confidential Private Placement Memorandum a minimum of Six (6) and a maximum of One Hundred (100) secured Promissory Notes ("Notes") at an offering price of Fifteen Thousand (\$15,000) Dollars per Note, for a minimum of Ninety Thousand Dollars (\$90,000) and a maximum total of One Million Five Hundred Thousand Dollars (\$1,500,000) to qualified investors who meet the Investor Suitability Requirements set forth herein (see "INVESTOR SUITABILITY REQUIREMENTS"). Each investor must agree to purchase the Notes, as a lender to the Company, for investment purposes only, and execute a Subscription Agreement in the form contained in the accompanying Subscription Booklet (see "TERMS OF THE OFFERING").

**THESE SECURITIES ARE SPECULATIVE AND INVESTMENT  
IN THE NOTES INVOLVES A DEGREE OF RISK  
(SEE "RISK FACTORS")**

	Offering Price	Selling Commissions	Proceeds to Company
Per Unit	\$15,000	\$1,500	\$13,500
Minimum Units	\$90,000	\$9,000	\$81,000
Maximum Units	\$1,500,000	\$150,000	\$1,350,000

**ERC Compactors LLC**

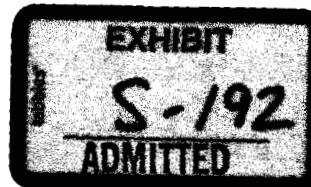
8800 E. Chaparral Road, Suite 270

Scottsdale, AZ 85250

Telephone: (480) 278-7031

Facsimile: (480) 278-8979

The date of this Private Placement Memorandum is August 8, 2011



ERC\_C000898

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### IMPORTANT NOTICES

This Confidential Private Placement Offering Memorandum ("Memorandum") is submitted to you on a confidential basis solely for the purpose of evaluating the specific transaction described herein. This information shall not be photocopied, reproduced or distributed to others without the prior written consent of ERC Compactors LLC ("Company"). If the recipient determines not to purchase any of the Notes offered hereby, it will promptly return all material received in connection herewith without retaining any copies.

### DISCLAIMERS

THE NOTES OFFERED HEREBY IN THIS OFFERING MEMORANDUM HAVE NOT BEEN REGISTERED WITH, OR APPROVED, BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, NOR HAVE SUCH NOTES OR THIS MEMORANDUM BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL OF ANY STATE OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE. THIS OFFERING IS BASED ON THE EXEMPTION FROM SUCH REGISTRATION AS SET FORTH IN §4(2) AND RULE 506 OF REGULATION D OF THE SECURITIES ACT OF 1933, AS AMENDED.

THE INVESTMENT DESCRIBED IN THIS MEMORANDUM INVOLVES RISKS, AND IS OFFERED ONLY TO INDIVIDUALS WHO CAN AFFORD TO ASSUME SUCH RISK FOR AN INDEFINITE PERIOD OF TIME AND WHO AGREE TO PURCHASE THE NOTES ONLY FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TOWARD THE TRANSFER, RESALE, EXCHANGE OR FURTHER DISTRIBUTION THEREOF. THERE WILL BE NO PUBLIC MARKET FOR THE NOTES ISSUED PURSUANT TO THIS OFFERING MEMORANDUM. THE RESALE OF THE NOTES ARE LIMITED BY FEDERAL AND STATE SECURITIES LAWS AND IT IS THEREFORE RECOMMENDED THAT EACH POTENTIAL INVESTOR SEEK COUNSEL SHOULD THEY DESIRE MORE INFORMATION.

THE PRICE OF THE NOTES AS DESCRIBED IN THIS OFFERING MEMORANDUM HAS BEEN ARBITRARILY DETERMINED BY THE SPONSORS OF THIS INVESTMENT, AND EACH PROSPECTIVE INVESTOR SHOULD MAKE AN

INDEPENDENT EVALUATION OF THE FAIRNESS OF SUCH PRICE UNDER ALL THE CIRCUMSTANCES AS DESCRIBED IN THE ATTACHED OFFERING MEMORANDUM.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION IN CONNECTION WITH THIS MEMORANDUM, EXCEPT SUCH INFORMATION AS IS CONTAINED OR REFERENCED IN THIS MEMORANDUM. ONLY INFORMATION OR REPRESENTATIONS CONTAINED OR REFERENCED HEREIN MAY BE RELIED UPON AS HAVING BEEN MADE BY THE COMPANY. PROSPECTIVE INVESTORS WHO HAVE QUESTIONS CONCERNING THE TERMS AND CONDITIONS OF THIS PRIVATE OFFERING MEMORANDUM OR WHO DESIRE ADDITIONAL INFORMATION OR DOCUMENTATION TO VERIFY THE INFORMATION CONTAINED HEREIN SHOULD CONTACT THE COMPANY. PROJECTIONS OR FORECASTS CONTAINED IN THIS PRIVATE OFFERING MEMORANDUM, OR OTHER MATERIALS, MUST BE VIEWED ONLY AS ESTIMATES. ALTHOUGH ANY PROJECTIONS CONTAINED IN THIS MEMORANDUM ARE BASED UPON ASSUMPTIONS WHICH THE COMPANY BELIEVES TO BE REASONABLE, THE ACTUAL PERFORMANCE OF THE COMPANY MAY DEPEND UPON FACTORS BEYOND THE CONTROL OF THE COMPANY. NO ASSURANCE CAN BE GIVEN THAT THE COMPANY'S ACTUAL PERFORMANCE WILL MATCH ITS INTENDED RESULTS.

## 1. SUMMARY OF THE OFFERING

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY MORE DETAILED INFORMATION THAT MAY APPEAR ELSEWHERE IN THIS PRIVATE PLACEMENT MEMORANDUM. EACH PROSPECTIVE INVESTOR IS URGED TO READ THIS PRIVATE OFFERING MEMORANDUM IN ITS ENTIRETY.

ERC Compactors LLC (the "Company") was formed on August 3, 2011 as an Arizona Limited Liability Company. The Company is in the business of cardboard recycling on site at commercial properties.

The Securities offered are One Hundred (100) Notes issued by the Company at Fifteen Thousand (\$15,000) Dollars per Note, payable in cash at the time of subscription (see "Exhibit B" for copy of Promissory Note). The minimum purchase is one (1) Note. The Notes have an annual rate of return of Twenty-Four (24%) percent simple interest with a maturity date of Twenty-Four (24) months from the Commencement Date of each Note.

Principal and Interest shall be paid as follows:

Principal: Principal shall be paid at maturity. The maturity date is Twenty-Four (24) months from the Commencement Date of each Note.

Interest: Since there is a delivery period of approximately Ninety (90) days between the equipment purchase date and equipment delivery date, the first Ninety (90) days of interest will be deferred. The deferred interest (\$300 per month or \$900 for 90 days) will be added onto the note's principal amount of \$15,000. The new principal balance of the Note on the Ninety-First (91st) day after the Commencement Date will be Fifteen Thousand Nine Hundred (\$15,900) dollars. Interest will be calculated on the combined amount of Fifteen Thousand Nine Hundred (\$15,900) and will be paid monthly commencing in the Fourth (4<sup>th</sup>) month.

The notes will be secured by the equipment/compactors purchased.

None of the Notes are convertible to Membership Units, or other type of equity, in the Company. The Principal may be prepaid, at the sole discretion of the Company, without a prepayment penalty. This offering will commence on August 8, 2011, and will terminate no later than August 7, 2012, unless extended by the Company (see "TERMS OF THE OFFERING").

The gross proceeds of the offering will be a minimum of Ninety Thousand (\$90,000) Dollars and a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars. The use of the proceeds is to purchase compactor equipment to be installed at commercial locations (see "USE OF PROCEEDS").

## 2. THE COMPANY

ERC Compactors LLC (the "Company") was formed in August 3, 2011, as an Arizona Limited Liability Company. At the date of this offering, One Thousand (1,000) of the Company's Membership Units were authorized, issued and outstanding. The Company is in the business of recycling.

## **2.1 OPERATIONS**

ERC Compactors LLC is a new division of ERC which acquired C&D Construction Services Corporation. C&D Construction Services has been in recycling business for over ten years.

While ERC Compactors LLC is a new divisional venture and has yet to commence operations, it is in the same business and augments the company's recycling business. ERC Compactors LLC will supply a new source of commodities from new accounts such as strip malls.

For a complete discussion on the company's philosophy and operations, please see "Exhibit D - it's business plan".

## **2.2 BUSINESS PLAN**

ERC of Nevada LLC's business plan, included as Exhibit D of this Memorandum, was prepared by the Company using assumptions set forth in the Business Plan, including several forward looking statements. Each prospective investor should carefully review the business plan before purchasing Notes. Management makes no representations as to the accuracy or achievability of the underlying assumptions and projected results contained herein.

## **3. MANAGEMENT**

### **3.1 LLC MANAGERS**

The success of the company is dependent upon the services and expertise of existing management. At the present time, the following individuals are actively involved in the management of the Company:

#### **Jason Todd Mogler - President and Principal**

Jason Todd Mogler, partner of Tri-Core Companies, has twenty plus years of marketing experience in both domestic and international markets.

An Arizonan native, his family has been in the construction business since 1940 his grandfather Roger Krants was a general contractor who completed several major commercial and residential ventures. You could say that development is in Jason's blood since blood.

Jason's practical work experience include the position of Director of Construction Lending for Republic Mortgage, and the Director of Construction Lending for the prestigious Royal Bank of Canada, his extensive work experience gives him thorough knowledge of construction lending and banking operations.

Mr. Mogler has an impressive academic resume at Arizona State University where he holds a Bachelor of Science degree with a major in marketing and a minor in psychology. His master studies with Thunderbird American Graduate School of International Management give him an international understanding of business strategies and marketing position.



Jason has also been celebrated for his philanthropy with numerous organizations both in Arizona and throughout the country. Mr. Mogler has a very long reputation for honest business practices and fair dealings with all people both personally and professionally.

**Peter A. Salazar: Chief Executive Officer:**

Bachelor in Environmental Science - 2000

2000 - Founder of C&D Construction Services Inc - Construction Clean Up Company

2001- Co-Founder with Brother Luis Salazar of Starwood Lumber Products - Dimensional Lumber Products

2002 - Expanded C&D Construction Services Inc - Roll Off Division

2003 - Founder of Liberty Salvage Materials - Recycling Division of C&D Construction Services Inc.

2008 - 2010 - Nevada Recyclers Association - President

2009 - Liberty Salvage Materials - Environmental Business Journal - Achievement Award

**Jim Hinkeldey - Vice President and Principal**

Jim Hinkeldey possesses thirty-five years of banking and financial experience including portfolio management, joint venture management, and all aspects of the mortgage banking profession for select regional New York banks.

Mr. Hinkeldey spearheaded the Joint Venture division at Richmond Hill Savings Bank in New York. He was responsible for land acquisition through project conclusion which included the delivery of completed developments in a timely and cost efficient, profitable manner.

Mr. Hinkeldey also managed a mortgage backed portfolio. He successfully rearranged the structure of the portfolio to meet asset/liability re-pricing demands. His concept creation resulted in a portfolio that meet re-pricing sensitivity models while delivering positive bottom line results.

Mr. Hinkeldey's business philosophy is based on total enterprise engagement, accountability, and the deliverability of profitable projects. Mr. Hinkeldey's philosophy is that the client and his investment or requirements come first and are paramount to each success.

## **4. TERMS OF THE OFFERING**

### **4.1 GENERAL TERMS OF THE OFFERING**

This Private Offering Memorandum is offering a minimum of Six (6) and a maximum of One Hundred (100) Notes at Fifteen Thousand (\$15,000) Dollars per Note, for a minimum of Ninety Thousand (\$90,000) Dollars and a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars to a select group of Investors who satisfy the Investor Suitability Requirements (see "INVESTOR SUITABILITY REQUIREMENTS"). The Company has the authority to sell fractional Notes at its sole discretion. The Company has set a minimum offering proceeds figure of \$90,000 (the "minimum offering proceeds") for this Offering.

### **4.2 MINIMUM OFFERING AMOUNT - HOLDING ACCOUNT**

The Company has established an Investment Holding Account with Wells Fargo Bank, into which the minimum offering proceeds will be placed. At least Six (6) Notes must be sold for \$90,000 before such proceeds will be released from the holding account and utilized by the Company. After the minimum number of Notes is sold, all subsequent proceeds from the sale of Notes will be delivered directly to the Company.

### **4.3 NONTRANSFERABILITY OF NOTES**

The Notes have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), and are being offered in reliance upon an exemption under §4(2) and Rule 506 of Regulation D of the Securities Act, as amended, and rules and regulations hereunder. The Notes have not been registered under the securities laws of any state and will be offered pursuant to an exemption from registration in each state. A purchaser may transfer or dispose of the Note only if such Notes are subsequently registered under the Securities Act, or if an exemption from registration is available, and pursuant to an opinion of counsel acceptable to the Company and its counsel to the effect that the Notes may be transferred without violation of the registration requirements of the Securities Act or any other securities laws.

### **4.4 CLOSING OF THE OFFERING**

The Notes are offered and closed only when a properly completed Subscription Agreement (Exhibit A), Note (Exhibit B), and Investor Questionnaire (Exhibit C) are submitted by the investing Subscriber or his/her Investor Representatives and are received and accepted by the Company. The Subscription Agreement as submitted by an investing Subscriber or his/her Investor Representatives shall be binding once the Company signs the Subscription Agreement, Note and the funds delivered by the potential Investor to the Company with the Subscription Agreement has been cleared by the financial institution in which they are deposited by the Company. The Notes will be delivered to qualified Investors upon acceptance of their subscriptions. All funds collected from investing Subscribers will be deposited in a designated account under the control of the Company. Investors subscribing to the Notes may not withdraw or revoke their subscriptions at any

## **6. DESCRIPTION OF NOTES**

### **6.1 NOTES**

The Company is offering One Hundred (100) Notes of the Company to potential investors at Fifteen Thousand (\$15,000) Dollars per Note, payable in cash at the time of the subscription. The minimum purchase is one (1) note. The Notes will have an annual rate of return of Twenty-Four (24%) percent simple interest over the term thereof, with a maturity date of Twenty-Four (24) months from the Commencement Date of each Note.

Principal and Interest shall be paid as follows:

**Principal:** Principal shall be paid at maturity. The maturity date is Twenty-Four (24) months from the Commencement Date of each Note.

**Interest:** Since there is a delivery period of approximately Ninety (90) days between the equipment purchase date and equipment delivery date, the first Ninety (90) days of interest will be deferred. The deferred interest (\$300 per month or \$900 for 90 days) will be added onto the note's principal amount of \$15,000. The new principal balance of the Note on the Ninety-First (91) day after the Commencement Date will be Fifteen Thousand Nine Hundred (\$15,900) dollars. Interest will be calculated on the combined amount of Fifteen Thousand Nine Hundred (\$15,900) dollars and will be paid monthly commencing in the Fourth (4<sup>th</sup>) month.

The notes will be secured by the equipment/compactors purchased.

The principal and any interest due on said principal may be prepaid at the sole discretion of the Company, without a prepayment penalty.

The Notes will be issued in the form attached hereto and incorporated herein by reference as though set forth in full herein as **Exhibit B**.

### **6.2 SECURITY FOR PAYMENT OF THE NOTES**

The Notes being offered by the Company in this Private Placement Offering will be secured by the equipment/compactors purchased.

### **6.3 REPORTS TO NOTEHOLDERS**

The Company will furnish annual unaudited reports to its Note holders ninety (90) days after its fiscal year. The Company may issue other interim reports to its Note holders as it deems appropriate. The Company's fiscal year ends on December 31<sup>st</sup> of each year.

## **7. USE OF PROCEEDS**

The gross proceeds of the Offering will be a minimum of Ninety Thousand (\$90,000) Dollars and a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars. The table below sets forth the use of proceeds for both the maximum and minimum offering amounts.

#### Sources

	Maximum Amount	Percent of Proceeds	Minimum Amount	Percent of Proceeds
Proceeds From Sale of Notes	\$1,500,000	100%	\$90,000	100%

#### Application of Proceeds

Offering Expenses (1)	\$ 5,000	0.33%	\$ 5,000	5.56%
Commissions (2)	\$ 150,000	10.00%	\$ 9,000	10.000%
Total Offering Expenses & Fees	\$ 155,000	10.33%	\$ 14,000	15.56%
Net Offering Proceeds (3)	\$ 1,345,000	89.67%	\$ 76,000	84.44%
Total Application of Proceeds	\$ 1,500,000	100%	\$ 90,000	100%

#### Footnotes:

(1) Includes estimated memorandum preparation, filing, printing, legal, accounting and other fees and expenses related to the Offering

(2) This Offering is being sold by the officers and directors of the Company, who will not receive any compensation for their efforts. No sales fees or commissions will be paid to such officers or directors. Notes may be sold by registered brokers or dealers who are members of the NASD and who enter into a Participating Dealer Agreement with the Company. Such brokers or dealers may receive commissions up to ten percent (10%) of the price of the Notes sold.

(3) Net offering proceeds available for the purchase of compactors/equipment.

## 8. CAPITALIZATION STATEMENT

### 8.1 CAPITALIZATION PRIOR TO AND AFTER THE OFFERING

The following table summarizes the capitalization of the Company prior to, and as adjusted to reflect, the issuance and sale of the maximum of One Hundred (100) Notes or One Million Five Hundred Thousand (\$1,500,000) Dollars.

	AS ADJUSTED 08/03/2011	AFTER THE OFFERING
Notes	<u>-0-</u>	<u>\$1,500,000</u>
Membership Units \$.10 par value, 1,000 Units authorized, 1000 Units issued and outstanding	\$100	\$100
Net Members Equity	\$100	\$100
TOTAL CAPITALIZATION	<u>\$100</u>	<u>\$1,500,100</u>

## 9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### 9.1 RESULTS OF OPERATIONS

The Company has yet to commence compactor operations.

### 9.2 LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity and capital resources are dependent on its ability to raise sufficient capital to pay for the purchase price of the Promissory Notes.

## 10. CERTAIN TRANSACTIONS

### 10.1 ARIZONA LIMITED LIABILITY CORPORATION

ERC Compactors LLC is a privately held Arizona Limited Liability Company, formed on August 3, 2011.

### 10.2 PRIVATE OFFERING OF NOTES

The Company is authorized to offer in this private offering, up to One Million Five Hundred Thousand (\$1,500,000) Dollars of Notes to selected investors, effective on August 8, 2011.

## **11. FIDUCIARY RESPONSIBILITIES OF THE DIRECTORS AND OFFICERS OF THE COMPANY**

### **11.1 GENERAL**

The Officers and Directors of the Company are accountable to the Company as fiduciaries and such Officers and Directors are required to exercise good faith and integrity in managing the Company's affairs and policies. Each Note holder of the Company, or their duly authorized representative, may inspect the books and records of the Company at any time during normal business hours. A Note holder may be able to bring an action on behalf of himself in the event the Note holder has suffered losses in connection with the purchase or sale of the Note(s) in the Company, due to a breach of fiduciary duty by an Officer or Director of the Company, in connection with such sale or purchase, including the misrepresentation or misapplication by any such Officer or Director of the proceeds from the sale of these Notes, and may be able to recover such losses from the Company.

### **11.2 INDEMNIFICATION**

Indemnification is permitted by the Company to directors, officers or controlling persons pursuant to Arizona law. Indemnification includes expenses, such as attorneys' fees and, in certain circumstances, judgments, fines and settlement amounts actually paid or incurred in connection with actual or threatened actions, suits or proceedings involving such person and arising from their relationship with the Company, except in certain circumstances where a person is adjudged to be guilty of gross negligence or willful misconduct, unless a court of competent jurisdiction determines that such indemnification is fair and reasonable under the circumstances.

## **12. RISK FACTORS**

THIS INVESTMENT INVOLVES A DEGREE OF RISK. AN INDIVIDUAL CONTEMPLATING INVESTMENT IN THIS OFFERING SHOULD GIVE CAREFUL CONSIDERATION TO THE ELEMENTS OF THE RISK SUMMARIZED BELOW, AS WELL AS THE OTHER RISK FACTORS IDENTIFIED ELSEWHERE IN THIS PRIVATE OFFERING MEMORANDUM.

### **12.1 FORMATION OF THE COMPANY**

The Company was formed on August 3, 2011. It is therefore subject to all the risks inherent in the creation of a new Company. Unforeseen expenses, complications and delays may occur with a new Company.

## **12.2 CONTROL BY COMPANY**

After completion of this offering, the Company will own one hundred percent (100%) of the issued and outstanding Membership Units. Such ownership will enable the Company to continue to elect all the Managers and to control the Company's policies and affairs. The Note holders will not have any voting rights in the Company.

## **12.3 RELIANCE ON THE COMPANY FOR MANAGEMENT**

All decisions with respect to the management of the Company will be made exclusively by the Managers of the LLC. The Note holders do not have the right or power to take part in the management of the Company. Accordingly, no person should purchase a Note unless he is willing to entrust all aspects of the management of the Company to existing Management.

## **12.4 LIMITED TRANSFERABILITY OF THE NOTES**

The transferability of the Notes in this offering are limited, and potential investors should recognize the nature of their investment in the offering. It is not expected that there will be a public market for the Notes because there will be only a limited number of investors and restrictions of the transferability of Notes. The Notes have not been registered under the Securities Act of 1933, as amended, or qualified or registered under the securities laws of any state and, therefore, the Notes cannot be resold unless they are subsequently so registered or qualified or an exemption from such registration is available. The offering also contains restrictions on the transferability of the Notes. Accordingly, purchasers of Notes will be required to hold such Notes to maturity unless otherwise approved by the Company. The Company does not intend to register the Notes under the Securities Act of 1933.

## **12.5 CAPITALIZATION OF THE COMPANY**

Prior to this offering, the Company was funded by its principals. Independent of the amounts raised in this offering, presently the Company does not have any other assets available to use to pay principal or interest on the Notes.

## **12.6 REGULATIONS**

The Company is subject to various federal and state laws, rules and regulations. The Company believes it is in full compliance with any and all applicable laws, rules and regulations.

## **12.7 U.S. ECONOMY**

The Company is subject to the U.S. Economy and its effect on consumer confidence and spending.

## **12.8 FORCE MAJEURE**

Neither party shall be liable in damages or have the right to terminate this Agreement for any delay or default in performing hereunder if such delay or default is caused by conditions beyond its control including, but not limited to Acts of God, Government restrictions (including the denial or cancellation of any export or other necessary license), wars, insurrections and/or any other cause beyond the reasonable control of the party whose performance is affected.

## **13. PRINCIPAL SHAREHOLDERS**

As of the date of this Offering, the Company has One Thousand (1,000) Membership Units issued and outstanding to Jason Todd Mogler and James Hinkeldey.

## **14. HOW TO INVEST**

An Investor who meets the qualifications as set forth in this Private Offering Memorandum may subscribe for at least the minimum purchase herein of One (1) Note (Fifteen Thousand (\$15,000) Dollars) by carefully reading this entire Private Offering Memorandum and by then completing and signing a separately bound booklet. This booklet contains identical copies of the following exhibits contained in the Private Offering Memorandum, including:

- Exhibit A    **INSTRUCTIONS TO SUBSCRIBERS and SUBSCRIPTION AGREEMENT:** This contains complete instructions to Subscribers and should be read in its entirety by the prospective investor prior to investing. The Subscription Agreement must be signed by the Investor.
- Exhibit B    **PROMISSORY NOTE:** This Note will be signed by ERC Compactors LLC.
- Exhibit C    **INVESTOR QUESTIONNAIRE:** This questionnaire requires a Subscriber to complete a financial history in order to aid the Company in the determination of the suitability of the Subscriber as a potential Investor. This questionnaire must be signed by the Investor.
- Exhibit D    **ERC Nevada LLC Business Plan**

Copies of all the above referenced documents are included with this Private Placement Memorandum. For discussion of the actions of the Company upon receipt of a properly completed request to invest by a Subscriber, please see **"TERMS OF THE OFFERING."** Such Investor should include his check made payable to ERC



bear the risk of losing his entire investment and meets the above "General Suitability Standards."

#### **15.4 ACCREDITED INVESTORS**

In addition to satisfying the "General Standards" as defined above, all but thirty-five (35) Subscribers for Shares must each satisfy one of the "Accredited Investors" economic suitability standards as defined below:

1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds Five Hundred Thousand (\$500,000) Dollars;

2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of One Hundred Thousand (\$100,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;

3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other Institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

4. Any private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940);

5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;

6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

8. Any entity in which all of the equity owners are Accredited Investors.

NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.

#### **15.5 ACCEPTANCE OF SUBSCRIPTION AGREEMENT BY THE COMPANY**

The Investor Suitability Requirements referred to in this section represent minimum requirements for potential investors. Satisfaction of these standards does not necessarily mean that participation in this Offering constitutes a suitable investment for such a potential investor or that the potential investors' Subscription will be accepted by the Company. The Company may, in fact, modify such requirements as circumstances dictate. All Subscription Agreements submitted by potential investors will be carefully reviewed by the Company to determine the suitability of the potential investor in this Offering. The Company may, in its sole discretion, refuse a Subscription in this Offering to any potential investor who does not meet the applicable Investor Suitability Requirements or who otherwise appears to be an unsuitable investor in this Offering. The Company will not necessarily review or accept a Subscription Agreement in the sequential order in which it is received. The Company also has the discretion to maximize the number of Accredited Investors in this Offering and, as a result, may accept less than thirty-five (35) Non-accredited Investors in this Offering.

#### **16. LITIGATION**

The Company and its Managers have no lawsuits pending, no legal actions pending or judgments entered against the Company or Managers and, to the best knowledge of the Company, no legal actions are contemplated against the Company and/or its Managers.

#### **17. ADDITIONAL INFORMATION**

Reference materials described in this Private Offering Memorandum are available for inspection at the office of the company during normal business hours. It is the intention of the Company that all potential investors are given full access to such information for their consideration in determining whether to purchase the Notes being offered. Prospective Investors should contact the Company for access to information regarding the matters set

forth or other information concerning the Company. Representatives of the Company will also answer all inquiries from potential investors concerning the Company and any matters relating to its proposed operations or present activities. The Company will afford potential investors and their representatives the opportunity to obtain any additional information reasonably necessary to verify the accuracy or the source of any representations or information contained in this Private Offering Memorandum. All contracts entered into by the Company are subject to modifications and the Company may make any changes in any such contracts as deemed appropriate in its best discretion. Such recent amendments may not be circulated to subscribers prior to the time of closing this offering. However, potential investors and their representatives may review such material or make inquiry of the Company concerning any of these and any other matters of interest.

## **18. FORECASTS OF FUTURE OPERATING RESULTS**

Any forecasts and proforma financial information which may be furnished by the Company to prospective investors or which are part of the Company's business plan, are for illustrative purposes only and are based upon assumptions made by Management regarding hypothetical future events. There is no assurance that actual events will correspond with the assumptions or that factors beyond the control of the Company will not affect the assumptions and adversely affect the illustrative value and conclusions of any forecasts.

## **19. GLOSSARY OF TERMS**

The following terms used in this Memorandum shall (unless the context otherwise requires) have the following respective meanings:

**ACCEPTANCE.** The acceptance by the Company of a prospective investor's subscription.

**ACCREDITED INVESTORS.** Those investors who meet the criteria set forth in "INVESTOR SUITABILITY REQUIREMENTS."

**BROKER-DEALER.** A person or firm licensed with the NASD, the SEC and with the securities or corporate commissions department of the state in which it sells investment securities and who may employ licensed agents for that purpose.

**COMPANY.** Refers to ERC COMPACTORS LLC, an Arizona Limited Liability Company.

**NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. (NASD).** A self-regulating body which licenses brokers and dealers handling securities offerings, reviews the terms of an offering's underwriting arrangements and

advertising literature and, while not a governmental agency, acts as a review service watchdog to make sure that its regulations and those of the SEC are followed for the investor's protection in offerings of securities.

**NOTES.** A Fifteen Thousand (\$15,000) Dollar Investment consisting of one (1) Promissory Note issued by **ERC COMPACTORS LLC**, an Arizona Limited Liability Company.

**SECURITIES ACT OF 1933.** A federal act regulated and enforced by the SEC that requires, among other things, the registration and use of a prospectus whenever a security is sold (unless the security or the manner of the Offering is expressly exempt from such registration process).

**SECURITIES EXCHANGE ACT OF 1934.** A federal act regulated and enforced by the SEC which supplements the Securities Act of 1933 and contains requirements which were designed to protect investors and to regulate the trading (secondary market) of securities. Such regulations require, among other things, the use of prescribed proxy statements when investors' votes are solicited; the disclosure of management and large shareholders' holding of securities; controls on the resale of such securities; and periodic (monthly, quarterly, annually) filing with the SEC of financial and disclosure reports of the issuer.

**SECURITIES AND EXCHANGE COMMISSION (SEC).** An independent United States government regulatory and enforcement agency which supervises investment trading activities and registers companies and those securities which fall under its jurisdiction. The SEC also administers statutes to enforce disclosure requirements that were designed to protect investors in securities offerings.

**SUBSCRIPTION DOCUMENTS.** Consists of the Note, Subscription Agreement, Investor Questionnaire and a check as payment for the Note(s) to be purchased submitted by each prospective investor to the Company.

**TERMINATION DATE.** The earlier to occur of the date on which all Notes are sold or August 7, 2012.

*(the remainder of this page has been intentionally left blank)*

20. ACKNOWLEDGMENT

By signing below, the undersigned acknowledges that he/she has read and understood this entire Private Placement Memorandum.

CA Polanchek  
Signature

11-15-2011  
Date

Carole  
Carol Polanchek  
Print Name

**EXHIBIT A**  
**SUBSCRIPTION AGREEMENT**

Print Name of Subscriber: Carol Polanchek

Amount Loaned: \$40,000.00

Number of Notes: 2.67

**ERC COMPACTORS LLC**  
**SUBSCRIPTION DOCUMENTS**

**OFFERING OF A MINIMUM OF SIX (6)  
AND A  
MAXIMUM OF ONE HUNDRED (100)  
SECURED PROMISSORY NOTES**

**FIFTEEN THOUSAND (\$15,000) DOLLARS PER NOTE**

**AUGUST 8, 2011**

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**SUBSCRIPTION INSTRUCTIONS**  
**(please read carefully)**

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Each subscriber for the secured Promissory Notes, Fifteen Thousand (\$15,000) Dollars per Note (the "Notes") of ERC Compactors LLC, an Arizona Limited Liability Company ("the Company"), must complete and execute the Subscription Documents in accordance with the instructions set forth below. The completed documents should be sent to ERC Compactors LLC, 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250.

**Payment for the Securities should be made by check payable to the Company and enclosed with the documents as directed in Section III below.**

- I. These Subscription Documents contain all of the materials necessary for you to purchase the Notes. This material is arranged in the following order:
  - Subscription Agreement
  - Promissory Note
  - Confidential Prospective Purchaser's Questionnaire
- II. All investors must complete in detail, date, initial, and sign the Subscription Documents where appropriate. All applicable sections must be filled in.
- III. Payment for the Notes must be made by check as provided below:

Please make your check payable, in the appropriate amount, for the number of Notes purchased (at Fifteen Thousand (\$15,000) per Note), to "ERC Compactors LLC". Your check should be enclosed with your signed subscription documents.

All funds received from subscribers will be placed in a segregated Holding Account of the Company. Once the minimum offering amount has been reached the funds will be transferred to the Company's operating account and will be available for use.

#### IV. SPECIAL INSTRUCTIONS

**FOR CORPORATIONS.** Include copy of Board resolution designating the corporate officer authorized to sign on behalf of the corporation, a Board resolution authorizing the investment, and financial statements.

**FOR PARTNERSHIPS.** Provide a complete copy of the partnership agreement, questionnaire, and financial statements for each General Partner.

**FOR TRUSTS.** Provide a complete copy of the instruments or agreements creating the trust, as amended to date.



Print Name of Subscriber: Carol Polanchek

Amount Loaned: \$40,000.00

Number of Notes: 2.67

### Subscription Agreement

To: ERC Compactors LLC  
8800 E. Chaparral Road  
Suite 270  
Scottsdale, AZ 85250

Gentlemen:

1. **Subscription.** The undersigned hereby subscribes for 2.67 Notes of ERC Compactors LLC (the "Company"), an Arizona Limited Liability Company, and agrees to loan to the Company Fifteen Thousand (\$15,000) Dollars per Note for an aggregate loan of \$40,000.00 (the "Loan Amount") upon the terms and subject to the conditions (a) set forth herein, and (b) described in the Confidential Private Placement Memorandum ("Private Placement Memorandum") dated August 8, 2011 together with all exhibits thereto and materials included therewith, and all supplements, if any, related to this offering. The minimum loan is Fifteen Thousand (\$15,000) Dollars, but the Company has the discretion to offer fractional Notes for loans less than the minimum.

2. **Note Offering.** The Company is offering a minimum of Six (6) and up to a maximum of One Hundred (100) Notes at Fifteen Thousand (\$15,000) Dollars per Note, with a minimum subscription of one (1) Note (the "Offering"). The minimum aggregate loan to the Company will be Ninety Thousand (\$90,000) Dollars and the maximum aggregate loan to the Company from this Offering will be One Million Five Hundred Thousand (\$1,500,000) Dollars. The Offering is being made to a limited number of investors pursuant to an exemption available under the Securities Act of 1933 (the "Act"), specifically Rule 506 promulgated under Regulation D, and under certain other laws, including the securities law of certain states.

3. **Documents to be Delivered.** The undersigned is delivering to the Company executed copies of this Subscription Agreement (the "Agreement"), the Note(s), Offeree Questionnaire, and all other applicable exhibits and documents (the "Subscription Documents"). The Subscription Documents should be delivered to ERC Compactors LLC, at 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250. The undersigned understands and agrees that he or it will not become a "Holder" of the Note(s) and the Company shall not become a "Maker" of the Note(s) unless and until the Agreement and Note(s) are executed by the Company.

4. **Making of Loan Amount.** The undersigned, simultaneously with the delivery of the Subscription Documents to the Company, hereby tenders to the Company the Loan Amount by check made payable to the order of ERC Compactors LLC in the amount indicated above.

5. **Acceptance or Rejection of Subscription.** The undersigned understands and agrees that the Company reserves the right, exercisable in its sole discretion, to accept or reject any subscription, in whole or in part, for any reason and that the undersigned will be notified by the Company as promptly as practicable as to whether his or its subscription has been accepted or rejected. If the undersigned's subscription is accepted, in whole or in part, by the Company, the Company will execute this Agreement and the Note(s) and return them to the undersigned. If this subscription is rejected by the Company, either in whole or in part, all funds, in the case of a rejection of the subscription in whole, or those funds representing the amount of the subscription not accepted by the Company, in the case of a rejection of the subscription in part, will be returned to the undersigned as promptly as practicable. If this subscription is rejected in whole by the Company, this Agreement shall be null, void and of no effect. The undersigned does not have the right to withdraw or revoke his or its subscription during the Offering period, except as provided by certain state laws, except that if more than Twenty (20) days shall have passed from the date the Company received completed and executed Subscription Documents and the Loan Amount from the undersigned (the "Acceptance Period"), and the Company has not accepted the subscription during the Acceptance Period, the undersigned may withdraw his or its subscription at any time after the Acceptance Period up until such time that the Company subsequently decides, in its sole discretion, to accept the subscription in whole or in part.

6. **Offering Period.** The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon reaching the minimum offering amount of Ninety Thousand (\$90,000) Dollars.

2. Upon receipt of the maximum Offering subscription amount of One Million Five Hundred Thousand (\$1,500,000) Dollars.

3. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding Twenty (20) days thereafter to which the Company, in its sole discretion, may extend this Offering.

7. **Closing of the Loan.** The Note(s) subscribed for herein shall not be deemed made by the Company or held by the undersigned until this Agreement and the Note(s) have been countersigned by the Company, and until the funds delivered by the undersigned to the Company with the Subscription Documents have been deposited in the Holding Account and have been cleared by the applicable bank of the Company (the

"Effective Date"). Upon the Effective Date, (a) the undersigned shall have loaned to the Company the Loan Amount, (b) the undersigned shall become the Holder and the Company shall become the Maker of the Note(s) subscribed for by the undersigned, and (c) both the undersigned and the Company shall be bound by the terms of the Private Placement Memorandum and the Subscription Documents and any other undertakings described herein.

#### **8. Representations and Warranties.**

(a) The Company hereby represents and warrants as follows:

(i) The Company is a Limited Liability Company duly organized, validly existing and in good standing under the laws of the State of Arizona and has the requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted;

(ii) This Agreement constitutes the valid and binding obligation of the Company enforceable against the Company in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws from time to time in effect which affect creditor's rights generally and by legal and equitable limitations on the availability of specific performance and other equitable remedies under or by virtue of this Agreement). The Company has all requisite power and authority, corporate and other, to execute and deliver this Agreement and the Note(s) and to consummate the transactions contemplated hereby. All persons who have executed this Agreement and the Note(s) on behalf of the Company have been duly authorized to do so by all necessary corporate action. Neither the execution and delivery of this Agreement and the Note(s) nor the consummation of the transactions contemplated hereby will (A) violate any provision of the Certificate of Incorporation or Operating Agreement of the Company, as currently in effect; (B) violate any judgment, order, injunction, decree or award against, or binding upon, the Company or the securities, assets, properties, operations or business of the Company; or (C) violate any law or regulation applicable to the Company or to the securities, assets, properties, operations or business of the Company.

(b) In order to induce the Company to accept the subscription made hereby, the undersigned hereby represents and warrants to the Company as follows:

(i) The undersigned has received the Private Placement Memorandum and the Subscription Documents. The undersigned has read and understands the Private Placement Memorandum and Subscription Documents and the information contained in those documents concerning the Company and this Offering or has caused his or its representative to read and examine the Private Placement Memorandum and Subscription Documents. The undersigned has relied only on the information about the Company contained in these documents and his or its own independent investigation in making his or its subscription. The undersigned

understands that the Notes will be issued with the rights and subject to the conditions described in the Private Placement Memorandum and Subscription Documents;

(ii) The undersigned is familiar with the terms and conditions of the Offering and is aware that his or its investment involves a degree of risk and the undersigned has read the section in the Private Placement Memorandum titled "Risk Factors."

(iii) The undersigned hereby specifically accepts and adopts each and every provision of this Agreement and acknowledges and agrees with each and every provision of this Agreement and, upon acceptance by the Company of the subscription made hereby, agrees to be bound by such provisions.

(iv) The undersigned acknowledges and is aware that there is no assurance as to the future performance of the Company.

(v) The undersigned, if an individual (A) has reached the age of majority in the state in which he resides and (B) is a bona fide resident and domiciliary (not a temporary or transient resident) of the state set forth below his signature on the signature page hereof and has no present intention of becoming a resident of any other state or jurisdiction. The undersigned, if a partnership, corporation, limited liability company, trust or other entity, was organized or incorporated under the laws of the jurisdiction set forth below the signature made on its behalf on the signature page hereof and has no present intention of altering the jurisdiction of its organization, formation or incorporation.

(vi) The undersigned has the financial ability to bear the economic risk of an investment in the Offering, has adequate means of providing for his or its current needs and personal contingencies, has no need for liquidity in the Note(s) and could afford a complete loss of his or its investment in the Offering.

(vii) The undersigned represents and warrants to the Company that he or it comes within one of the categories of investors as defined in Exhibit 1 hereto *(please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity).*

(viii) The undersigned has been given the opportunity to review the merits of an investment in the Offering with tax and legal counsel or with an investment advisor to the extent the undersigned deemed advisable. *Cup*

(ix) The undersigned's overall commitment to invest in the Note(s), which are not readily marketable, is not disproportionate to his or its net worth and his or its investment in the Offering will not cause such overall commitment to become excessive. *Cup*

(x) The undersigned has such knowledge and experience in financial and business matters that he or it is capable of evaluating the merits and risks of an investment in the Offering. *cup*

(xi) The undersigned has been given a full opportunity to ask questions of and to receive (A) answers from the Company and its Managers concerning the terms and conditions of this Offering and the business of the Company and (B) such other information as he or it desired in order to evaluate an investment in the Offering, and all such questions have been answered to the full satisfaction of the undersigned. No oral or written representations have been made or oral or written information furnished to the undersigned or the undersigned's advisors in connection with the Offering or interests that were in any way inconsistent with this Subscription Agreement. The undersigned is not participating in the Offering as a result of or subsequent to: (1) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television, radio or the internet or (2) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising. *cup*

(xii) If the undersigned is a corporation, limited liability company, partnership, trust or other entity, it is authorized and qualified to make this loan to the Company and the person signing this Agreement on behalf of such entity has been duly authorized by such entity to do so.

(xiii) If the undersigned is a corporation, limited liability company or partnership, the person signing this Agreement on its behalf hereby represents and warrants that the information contained in this Agreement completed by any shareholders of such corporation, members of such limited liability company or partners of such partnership is true and correct with respect to such shareholder, member or partner (and if any such shareholder is itself a corporation, limited liability company or partnership, with respect to all persons having an equity interest in such corporation, limited liability company or partnership, whether directly or indirectly) and that the person signing this Agreement has made due inquiry to determine the truthfulness and accuracy of the information contained in this Agreement.

(xiv) The purchase of the Note(s) by the undersigned has been duly authorized, and the execution, delivery and performance of this Agreement does not conflict with the undersigned's partnership agreement, certificate of incorporation, by-laws, articles of organization, operating agreement or any agreement to which the undersigned is a party and this Agreement is a valid and binding agreement enforceable against the undersigned in accordance with its terms.

(xv) The undersigned hereby represents that he or it is subscribing for the Notes as principal or as trustee, solely for the account of the undersigned, for investment purposes only and not with a view to, or for, subdivision, resale, distribution, or fractionalization thereof, in whole or in part, or for the account, in

whole or in part, of others, and, except as disclosed herein, no other person has a direct or indirect beneficial interest in the Note(s). The undersigned will hold the Note(s) as an investment and has no reason to anticipate any change in circumstances or other particular occasion or event, which would cause the undersigned to attempt to sell any of the Note(s). *CUP*

(xvi) The undersigned acknowledges his or its understanding that (A) the Offering of the Note(s) by the Company has not been registered under the Act, as amended, or the securities laws of certain states in reliance on specific exemptions from registration, (B) the Confidential Memorandum and Subscription Documents have not been filed with or reviewed by the Securities and Exchange Commission or the securities department of any state and no securities administrator of any state or the federal government has recommended or endorsed this Offering or made any finding or determination relating to the fairness of an investment in the Company, and (C) the Offering of the Note(s) by the Company is intended to be exempt from registration pursuant to Section 4 (2) of the Act and the rules promulgated thereunder by the Securities and Exchange Commission, and that the undersigned's Note(s) cannot be sold, pledged, assigned or otherwise disposed of unless they are registered under the Act or an exemption from such registration is available. *CUP*

(xvii) The undersigned represents and warrants that he or it will not transfer or convey all or part of his or its financial interest in the Note(s) unless such Note(s) are subsequently registered under the Act, or an exemption from such registration is available and without (A) the prior written consent of the Company and (B) an opinion of counsel acceptable to the Company and its counsel to the effect that the Note(s) may be transferred without violation of the registration requirements of the Act or any applicable state securities laws, as may be amended from time to time. The undersigned further acknowledges that there can be no assurance that the Company will file any registration statement for the Note(s) for which the undersigned is subscribing, that such registration statement, if filed, will be declared effective or, if declared effective, that the Company will be able to keep it effective until the undersigned sells the Note(s) registered thereon. *CUP*

(xviii) The undersigned understands that this Agreement is subject to the Company's acceptance and may be rejected by the Company at any time in its sole discretion in whole or any part prior to issuance of the Note(s) with respect to the undersigned's subscription, notwithstanding prior receipt by the undersigned of notice of acceptance of the undersigned's subscription. The Company reserves the right to withdraw the Offering at any time. *CUP*

(xix) The undersigned acknowledges that this Agreement shall become binding upon the undersigned when it is countersigned by the Company and the undersigned is not entitled to cancel, terminate, or revoke this subscription before after acceptance by the Company, except as otherwise provided in this Agreement. (

(xx) All information provided by the undersigned in the Investor Questionnaire and Investor Representative Questionnaire (if applicable) which accompanies this Agreement is true and accurate in all respects, and the undersigned acknowledges that the Company will be relying on such information to its possible detriment in deciding whether the Company can make these Note(s) to the undersigned without giving rise to the loss of an exemption from registration under the applicable securities laws.

**9. Foreign Person.** If the undersigned has indicated on the signature page of this Agreement that he, she or it is a foreign person, he, she or it agrees to notify the Company in writing within sixty (60) days of becoming a nonresident alien, foreign corporation, foreign partnership, foreign trust, foreign estate or other foreign entity, as the case may be.

**10. Indemnity.** The undersigned agrees to indemnify and hold harmless the Company, its managers, members, agents, attorneys and affiliates and each other person, if any, who controls any thereof, within the meaning of Section 15 of the Act, against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the undersigned to comply with any covenant or agreement made by the undersigned herein or in this Agreement or in any other document furnished by the undersigned to any of the foregoing in connection with this transaction.

**11. Notice.** All notices in connection with this Agreement shall be in writing and personally delivered or delivered via overnight mail, with written receipt therefor, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 11) with a copy, in the case of notice to the Company, to ERC Compactors LLC, at 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

**12. Miscellaneous.**

(a) This Agreement is not assignable by the undersigned. This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) This Agreement shall be deemed to have been made in the State of Arizona and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in State of Arizona. The parties hereto hereby consent to personal

jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Agreement.

(c) This Agreement contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Agreement shall be effective unless in writing and signed by both parties to this Agreement.

(d) No waiver of any breach of any terms of this Agreement shall be effective unless made in writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall be construed as a waiver of any subsequent breach of that term or of any other term of the same or different nature.

(e) If any provision or portion of this Agreement or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Agreement.

(f) Each of the parties hereto shall cooperate and take such actions, and execute such other documents, at the execution hereof or subsequently, as may be reasonably requested by the other in order to carry out the provisions and purposes of this Agreement.



IN WITNESS WHEREOF, the undersigned, by his or its execution hereof, agrees to be bound by this Agreement.

Executed this 15 day of Nov, 2011,  
at Tempe (mesa) (City), Arizona (State).  
work five

**If the Investor is an INDIVIDUAL, complete the following:**

The undersigned (circle one): ☒ [is] ☐ [is not] a citizen or resident of the United States.

Carol  
Carol Polanchek

Print Name of Individual:

Print Name of Spouse if Funds are to  
be invested in Joint Name or are  
Community Property:

  
Print Social Security Number of Individual:

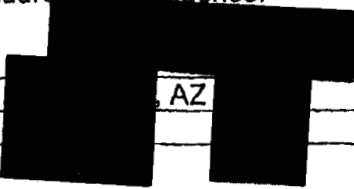
Print Social Security Number of  
Spouse

Carol A. Polanchek  
Signature of Individual:

Signature of Spouse if Funds are to be  
Invested in Joint Name or are  
Community Property

Print Address of Residence:

Print Telephone Number:

  
AZ



The investor is PARTNERSHIP, CORPORATION, TRUST OR OTHER ENTITY, complete the following:

The undersigned (*circle one*) [is] [is not] a foreign partnership, foreign corporation, trust or foreign estate (as defined in the Internal Revenue Code of 1986, as amended, and the treasury regulations promulgated there under).

Print Name of Partnership, Corporation, Trust or Entity:

Title of Authorized Representative

Signature of Authorized Representative

Print Jurisdiction of Organization or Incorporation

Print Name of Authorized Representative

Print Federal Tax Identification Number

Print Address of Residence:

Print Telephone Number:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_

#### ACCEPTANCE

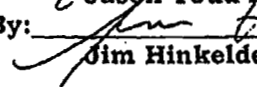
The terms of the foregoing, including the subscription described therein, are agreed to and accepted on this \_\_\_\_ day of \_\_\_\_\_, 2011

ERC COMPACTORS LLC

By:

  
Jason Todd Mogler - President

By:

  
Jim Hinkeldey - Vice-President

**EXHIBIT 1  
INVESTOR STATUS**

*(Please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity).*

Col  
initials

A. **"Non- accredited Investor"**. The undersigned does not meet the definition of an "Accredited Investor" as defined herein below;

            
initials

B. **"Accredited Investor"**. The undersigned is an Accredited Investor as defined below (*check applicable box*):

☐ 1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds Five Hundred Thousand (\$500,000) Dollars;

☐ 2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of One Hundred Thousand (\$100,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;

☐ 3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U. S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

☐ 4. Any private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940);

☐ 5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;

☐ 6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

☐ 7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

☐ 8. Any entity in which all of the equity owners are Accredited Investors.

**NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.**

\* If this box is checked, please indicate on a separate schedule to be attached hereto, the category of Accredited Investor in which each equity owner of such entity is included.

**EXHIBIT B**  
**PROMISSORY NOTE**

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**EXHIBIT B**

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**PROMISSORY NOTE**

THIS NOTE HAS BEEN MADE FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO OR FOR SALE IN CONNECTION WITH THE DISTRIBUTION THEREOF AND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THIS NOTE MAY NOT BE SOLD, TRANSFERRED, OR ASSIGNED ("TRANSFER") UNLESS IT IS SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE AND THE MAKER CONSENTS IN WRITING TO SUCH TRANSFER.

ERC COMPACTORS LLC, an Arizona Limited Liability Company, with offices at 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250 (the "Maker"), for value received, promises to pay to the Individual and/or legal entity designated in this Note as the "HOLDER," the principal sum of Forty Thousand (\$40,000.00) Dollars.

The Notes will have an annual rate of return of Twenty-Four (24%) percent simple interest over the term thereof, with a maturity date of Twenty-Four (24) months from the Commencement Date of each Note.

Principal and Interest shall be paid as follows:

Principal: Principal shall be paid at maturity. The maturity date is Twenty-Four (24) months from the Commencement Date of each Note.

Interest: Since there is a delivery period of approximately Ninety (90) days between the equipment purchase date and equipment delivery date, the first Ninety (90) days of interest will be deferred. The deferred interest (\$300 per month or \$900 for 90 days) will be added onto the note's principal amount of \$15,000. The new principal balance of the Note on the Ninety-First (91) day after the Commencement Date will be Fifteen Thousand Nine Hundred (\$15,900) dollars. Interest will be calculated on the combined amount of \$15,900 (\$15,900) and will be paid monthly commencing in the Fourth (4<sup>th</sup>) month.

The principal and any interest due on said principal may be prepaid at the sole discretion of the Company, without a prepayment penalty.

## **1. NOTES**

This Note in the principal amount of Fifteen Thousand (\$15,000) Dollars per Note, or any fractional amounts, is offered for sale by the Maker, pursuant to that certain "Private Placement Memorandum" dated August 8, 2011. The Note shall be senior debt of the Maker.

## **2. EVENTS OF DEFAULT**

A default shall be defined as one or more of the following events ("Event of Default") occurring and continuing:

- (a) The Maker shall fail to pay any interest payment on this Note when due for a period of Twenty (20) days after notice of such default has been sent by the Holder to the Maker.
- (b) The Maker shall dissolve or terminate the existence of the Maker.
- (c) The Maker shall file a petition in bankruptcy, make an assignment for the benefit of its creditors, or consent to or acquiesce in the appointment of a receiver for all or substantially all of its property, or a petition for the appointment of a receiver shall be filed against the Maker and remain unstayed for at least ninety (90) days.
- (d) If the maturity date is extended this will not be considered an event of default.

Upon the occurrence of an Event of Default, the Holder of this Note may, by written notice to the Maker, declare the unpaid principal amount and all accrued interest of the Note immediately due and payable.

## **3. SECURITY FOR PAYMENT OF THE NOTE(S)**

The Note(s) offered by the MAKER are secured by the equipment/compactors purchased.

## **4. COMMENCEMENT DATE OF THE NOTE**

The Commencement Date of the Note shall be the "Effective Date," as defined in that certain "Subscription Agreement" attached as Exhibit A to the Private Placement Memorandum.

## **5. STATUS OF HOLDER**

The Maker may treat the Holder of this Note as the absolute owner of this Note for the purpose of making payments of principal or interest and for all other purposes,

and shall not be affected by any notice to the contrary, unless the Maker so consents in writing.

**6. SECURITIES ACT RESTRICTIONS**

This Note has not been registered for sale under the Act. This Note may not be sold, offered for sale, pledged, assigned or otherwise disposed of, unless certain conditions are satisfied, as more fully set forth in the Subscription Agreement.

**7. ATTORNEYS' FEES**

The prevailing party in an action to enforce this Note shall be entitled to reasonable attorneys' fees, costs and collection expense.

**8. MISCELLANEOUS.**

(a) **Successors and Assigns.** The Holder may not assign, transfer or sell this Note to any party without the express written consent of the Maker. This Note shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) **Entire Agreement.** This Note contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Note shall be effective unless in writing and signed by both parties to this Note.

(c) **Notices.** All notices in connection with this Note shall be in writing and personally delivered or delivered via overnight mail, with written receipt therefore, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 8) with a copy to ERC Compactors LLC, 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

(d) **Section Headings.** The headings of the various sections of the Note have been inserted as a matter of convenience for reference only and shall be of no legal effect.

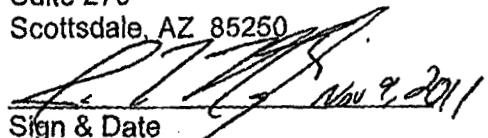
(e) **Severability.** If any provision or portion of this Note or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Note.



(f) **Applicable Law.** This Note shall be deemed to have been made in the State of Arizona, and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in the State of Arizona. The parties hereto hereby consent to personal jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Note.

**Maker:**

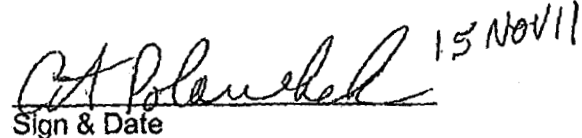
ERC Compactors LLC,  
An Arizona LLC  
8800 E. Chaparral Road  
Suite 270  
Scottsdale, AZ 85250

  
Sign & Date

Jason Mogler  
Print Name

**Holder:**

Carol Polanchek

  
Sign & Date

Carol Polanchek  
Print Name

Address:

  
AZ

**EXHIBIT C**  
**Investor Suitability Questionnaire**

EXHIBIT C

ERC Compactors LLC

Investor Suitability Questionnaire

To: Prospective purchasers of Promissory Notes (the "Notes") offered by ERC Compactors LLC (the "Company").

The Purpose of this Questionnaire is to solicit certain information regarding your financial status to determine whether you are an "Accredited Investor," as defined under applicable federal and state securities laws, and otherwise meet the suitability criteria established by the Company for purchasing Notes. *This questionnaire is not an offer to sell securities.*

Your answers will be kept as confidential as possible. You agree, however, that this Questionnaire may be shown to such persons as the Company deems appropriate to determine your eligibility as an Accredited Investor or to ascertain your general suitability for investing in the Notes.

*Please answer all questions completely and execute the signature page*

A. Personal

1. Name: Carole Polanche K
2. Address of Principal Residence: [REDACTED]  
[REDACTED] AZ [REDACTED] County: USA (Maricopa)
3. Residence Telephone: [REDACTED]
4. Where are you registered to vote? YES
5. Your driver's license is issued by the following state: AZ

6. Other Residences or Contacts: Please identify any other state where you own a residence, are registered to vote, pay income taxes, hold a driver's license or have any other contacts, and describe your connection with such state:

Pay Income Taxes, MT last year  
Sold House there in Nov. 2011

7. Please send all correspondence to:

(1) ☒ Residence Address (as set forth in item A-2)

(2) ☐ Business Address (as set forth in item B-1)

8. Date of Birth: [REDACTED]

9. Citizenship: USA

10. Social Security or Tax I.D. #: [REDACTED]

**B. Occupations and Income**

1. Occupation: Postal Clerk

(a) Business Address: [REDACTED]

[REDACTED] 42 [REDACTED]

(b) Business Telephone Number: (4) [REDACTED]

2. Gross income during each of the last two years exceeded:

(1) ☐ \$25,000 (2) ☒ \$50,000

(3) ☐ \$100,000 (4) ☐ \$200,000

3. Joint gross income with spouse during each of the last two years exceeded \$300,000

(1) ☐ Yes (2) ☒ No

4. Estimated gross income during current year exceeds:

(1) ☐ \$25,000 (2) ☒ \$50,000

(3) ☐ \$100,000 (4) ☐ \$200,000

5. Estimated joint gross income with spouse during current year exceeds \$300,000

(1) ☐ Yes (2) ☒ No

**C. Net Worth**

1. Current net worth or joint net worth with spouse (note that "net worth" includes all of the assets owned by you and your spouse in excess of total liabilities, including the fair market value, less any mortgage, of your principal residence.)

(1) ☒ \$50,000-\$100,000 (2) ☐ \$100,000-\$250,000 (3) ☐ \$250,000-\$500,000

(4)\_\_\_\_\$500,000-\$750,000 (5)\_\_\_\_\$750,000-\$1,000,000 (6)\_\_\_\_over \$1,000,000

2. Current value of liquid assets (cash, freely marketable securities, cash surrender value of life insurance policies, and other items easily convertible into cash) is sufficient to provide for current needs and possible personal contingencies:

(1) ☒ Yes

(2) \_\_\_\_ No

**D. Affiliation with the Company**

Are you a director or executive officer of the Company?

(1) \_\_\_\_ Yes

(2) ☒ No

**E. Investment Percentage of Net Worth**

If you expect to invest at least \$100,000 in Notes, does your total purchase price exceed 10% of your net worth at the time of sale, or joint net worth with your spouse.

(1) \_\_\_\_ Yes

(2) ☒ No

**F. Consistent Investment Strategy**

Is this investment consistent with your overall investment strategy?

(1) ☒ Yes

(2) ☒ No

(?)

**G. Prospective Investor's Representations**

The information contained in this Questionnaire is true and complete, and the undersigned understands that the Company and its counsel will rely on such information for the purpose of complying with all applicable securities laws as discussed above. The undersigned agrees to notify the Company promptly of any change in the foregoing information which may occur prior to any purchase by the undersigned of securities from the Company.

Prospective Investor:

*C. Polanchek*  
Signature

Date: NOV 15, 2011

\_\_\_\_\_  
Signature (of joint purchase if purchase is to be made as joint tenants or as tenants in common)

**EXHIBIT D**  
**ERC COMPACTORS LLC**  
**BUSINESS PLAN**

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

**ERC COMPACTORS LLC**

An Arizona Limited Liability Company

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**\$1,500,000**

**Minimum Offering Amount: \$90,000**

**\$15,000 per Promissory Note (Unit)**

**MINIMUM PURCHASE - 1 Promissory Note**

**24% Annual Rate of Return**

**Maturity Date: 24 months**

**Interest Paid Monthly After a Ninety (90) Day Interest Deferment Period**

**Redemption at Maturity - \$15,900 per Unit (includes deferred interest)**

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ERC Compactors LLC, an Arizona Limited Liability Company (hereinafter referred to as the "COMPANY"), is offering by means of this Confidential Private Placement Memorandum a minimum of Six (6) and a maximum of One Hundred (100) secured Promissory Notes ("Notes") at an offering price of Fifteen Thousand (\$15,000) Dollars per Note, for a minimum of Ninety Thousand Dollars (\$90,000) and a maximum total of One Million Five Hundred Thousand Dollars (\$1,500,000) to qualified investors who meet the Investor Suitability Requirements set forth herein (see "INVESTOR SUITABILITY REQUIREMENTS"). Each investor must agree to purchase the Notes, as a lender to the Company, for investment purposes only, and execute a Subscription Agreement in the form contained in the accompanying Subscription Booklet (see "TERMS OF THE OFFERING").

**THESE SECURITIES ARE SPECULATIVE AND INVESTMENT  
IN THE NOTES INVOLVES A DEGREE OF RISK  
(SEE "RISK FACTORS")**

	Offering Price	Selling Commissions	Proceeds to Company
Per Unit	\$15,000	\$1,500	\$13,500
Minimum Units	\$90,000	\$9,000	\$81,000
Maximum Units	\$1,500,000	\$150,000	\$1,350,000

**ERC Compactors LLC**

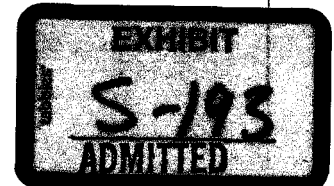
8800 E. Chaparral Road, Suite 270

Scottsdale, AZ 85250

Telephone: (480) 278-7031

Facsimile: (480) 278-8979

The date of this Private Placement Memorandum is August 8, 2011



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## **IMPORTANT NOTICES**

This Confidential Private Placement Offering Memorandum ("Memorandum") is submitted to you on a confidential basis solely for the purpose of evaluating the specific transaction described herein. This information shall not be photocopied, reproduced or distributed to others without the prior written consent of ERC Compactors LLC ("Company"). If the recipient determines not to purchase any of the Notes offered hereby, it will promptly return all material received in connection herewith without retaining any copies.

## **DISCLAIMERS**

THE NOTES OFFERED HEREBY IN THIS OFFERING MEMORANDUM HAVE NOT BEEN REGISTERED WITH, OR APPROVED, BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, NOR HAVE SUCH NOTES OR THIS MEMORANDUM BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL OF ANY STATE OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE. THIS OFFERING IS BASED ON THE EXEMPTION FROM SUCH REGISTRATION AS SET FORTH IN §4(2) AND RULE 506 OF REGULATION D OF THE SECURITIES ACT OF 1933, AS AMENDED.

THE INVESTMENT DESCRIBED IN THIS MEMORANDUM INVOLVES RISKS, AND IS OFFERED ONLY TO INDIVIDUALS WHO CAN AFFORD TO ASSUME SUCH RISK FOR AN INDEFINITE PERIOD OF TIME AND WHO AGREE TO PURCHASE THE NOTES ONLY FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TOWARD THE TRANSFER, RESALE, EXCHANGE OR FURTHER DISTRIBUTION THEREOF. THERE WILL BE NO PUBLIC MARKET FOR THE NOTES ISSUED PURSUANT TO THIS OFFERING MEMORANDUM. THE RESALE OF THE NOTES ARE LIMITED BY FEDERAL AND STATE SECURITIES LAWS AND IT IS THEREFORE RECOMMENDED THAT EACH POTENTIAL INVESTOR SEEK COUNSEL SHOULD THEY DESIRE MORE INFORMATION.

THE PRICE OF THE NOTES AS DESCRIBED IN THIS OFFERING MEMORANDUM HAS BEEN ARBITRARILY DETERMINED BY THE SPONSORS OF THIS INVESTMENT, AND EACH PROSPECTIVE INVESTOR SHOULD MAKE AN

INDEPENDENT EVALUATION OF THE FAIRNESS OF SUCH PRICE UNDER ALL THE CIRCUMSTANCES AS DESCRIBED IN THE ATTACHED OFFERING MEMORANDUM.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION IN CONNECTION WITH THIS MEMORANDUM, EXCEPT SUCH INFORMATION AS IS CONTAINED OR REFERENCED IN THIS MEMORANDUM. ONLY INFORMATION OR REPRESENTATIONS CONTAINED OR REFERENCED HEREIN MAY BE RELIED UPON AS HAVING BEEN MADE BY THE COMPANY. PROSPECTIVE INVESTORS WHO HAVE QUESTIONS CONCERNING THE TERMS AND CONDITIONS OF THIS PRIVATE OFFERING MEMORANDUM OR WHO DESIRE ADDITIONAL INFORMATION OR DOCUMENTATION TO VERIFY THE INFORMATION CONTAINED HEREIN SHOULD CONTACT THE COMPANY. PROJECTIONS OR FORECASTS CONTAINED IN THIS PRIVATE OFFERING MEMORANDUM, OR OTHER MATERIALS, MUST BE VIEWED ONLY AS ESTIMATES. ALTHOUGH ANY PROJECTIONS CONTAINED IN THIS MEMORANDUM ARE BASED UPON ASSUMPTIONS WHICH THE COMPANY BELIEVES TO BE REASONABLE, THE ACTUAL PERFORMANCE OF THE COMPANY MAY DEPEND UPON FACTORS BEYOND THE CONTROL OF THE COMPANY. NO ASSURANCE CAN BE GIVEN THAT THE COMPANY'S ACTUAL PERFORMANCE WILL MATCH ITS INTENDED RESULTS.

## 1. SUMMARY OF THE OFFERING

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY MORE DETAILED INFORMATION THAT MAY APPEAR ELSEWHERE IN THIS PRIVATE PLACEMENT MEMORANDUM. EACH PROSPECTIVE INVESTOR IS URGED TO READ THIS PRIVATE OFFERING MEMORANDUM IN ITS ENTIRETY.

ERC Compactors LLC (the "Company") was formed on August 3, 2011 as an Arizona Limited Liability Company. The Company is in the business of cardboard recycling on site at commercial properties.

The Securities offered are One Hundred (100) Notes issued by the Company at Fifteen Thousand (\$15,000) Dollars per Note, payable in cash at the time of subscription (see "Exhibit B" for copy of Promissory Note). The minimum purchase is one (1) Note. The Notes have an annual rate of return of Twenty-Four (24%) percent simple interest with a maturity date of Twenty-Four (24) months from the Commencement Date of each Note.

Principal and Interest shall be paid as follows:

Principal: Principal shall be paid at maturity. The maturity date is Twenty-Four (24) months from the Commencement Date of each Note.

Interest: Since there is a delivery period of approximately Ninety (90) days between the equipment purchase date and equipment delivery date, the first Ninety (90) days of interest will be deferred. The deferred interest (\$300 per month or \$900 for 90 days) will be added onto the note's principal amount of \$15,000. The new principal balance of the Note on the Ninety-First (91st) day after the Commencement Date will be Fifteen Thousand Nine Hundred (\$15,900) dollars. Interest will be calculated on the combined amount of Fifteen Thousand Nine Hundred (\$15,900) and will be paid monthly commencing in the Fourth (4<sup>th</sup>) month.

The notes will be secured by the equipment/compactors purchased.

None of the Notes are convertible to Membership Units, or other type of equity, in the Company. The Principal may be prepaid, at the sole discretion of the Company, without a prepayment penalty. This offering will commence on August 8, 2011, and will terminate no later than August 7, 2012, unless extended by the Company (see "TERMS OF THE OFFERING").

The gross proceeds of the offering will be a minimum of Ninety Thousand (\$90,000) Dollars and a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars. The use of the proceeds is to purchase compactor equipment to be installed at commercial locations (see "USE OF PROCEEDS").

## 2. THE COMPANY

ERC Compactors LLC (the "Company") was formed in August 3, 2011, as an Arizona Limited Liability Company. At the date of this offering, One Thousand (1,000) of the Company's Membership Units were authorized, issued and outstanding. The Company is in the business of recycling.

## **2.1 OPERATIONS**

ERC Compactors LLC is a new division of ERC which acquired C&D Construction Services Corporation. C&D Construction Services has been in recycling business for over ten years.

While ERC Compactors LLC is a new divisional venture and has yet to commence operations, it is in the same business and augments the company's recycling business. ERC Compactors LLC will supply a new source of commodities from new accounts such as strip malls.

For a complete discussion on the company's philosophy and operations, please see "Exhibit D - it's business plan".

## **2.2 BUSINESS PLAN**

ERC of Nevada LLC's business plan, included as Exhibit D of this Memorandum, was prepared by the Company using assumptions set forth in the Business Plan, including several forward looking statements. Each prospective investor should carefully review the business plan before purchasing Notes. Management makes no representations as to the accuracy or achievability of the underlying assumptions and projected results contained herein.

## **3. MANAGEMENT**

### **3.1 LLC MANAGERS**

The success of the company is dependent upon the services and expertise of existing management. At the present time, the following individuals are actively involved in the management of the Company:

#### **Jason Todd Mogler - President and Principal**

Jason Todd Mogler, partner of Tri-Core Companies, has twenty plus years of marketing experience in both domestic and international markets.

An Arizonan native, his family has been in the construction business since 1940 his grandfather Roger Krants was a general contractor who completed several major commercial and residential ventures. You could say that development is in Jason's blood since blood.

Jason's practical work experience include the position of Director of Construction Lending for Republic Mortgage, and the Director of Construction Lending for the prestigious Royal Bank of Canada, his extensive work experience gives him thorough knowledge of construction lending and banking operations.

Mr. Mogler has an impressive academic resume at Arizona State University where he holds a Bachelor of Science degree with a major in marketing and a minor in psychology. His master studies with Thunderbird American Graduate School of International Management give him an international understanding of business strategies and marketing position.

Jason has also been celebrated for his philanthropy with numerous organizations both in Arizona and throughout the country. Mr. Mogler has a very long reputation for honest business practices and fair dealings with all people both personally and professionally.

**Peter A. Salazar: Chief Executive Officer:**

Bachelor in Environmental Science - 2000

2000 - Founder of C&D Construction Services Inc - Construction Clean Up Company

2001- Co-Founder with Brother Luis Salazar of Starwood Lumber Products - Dimensional Lumber Products

2002 - Expanded C&D Construction Services Inc - Roll Off Division

2003 - Founder of Liberty Salvage Materials - Recycling Division of C&D Construction Services Inc.

2008 - 2010 - Nevada Recyclers Association - President

2009 - Liberty Salvage Materials - Environmental Business Journal - Achievement Award

**Jim Hinkeldey - Vice President and Principal**

Jim Hinkeldey possesses thirty-five years of banking and financial experience including portfolio management, joint venture management, and all aspects of the mortgage banking profession for select regional New York banks.

Mr. Hinkeldey spearheaded the Joint Venture division at Richmond Hill Savings Bank in New York. He was responsible for land acquisition through project conclusion which included the delivery of completed developments in a timely and cost efficient, profitable manner.

Mr. Hinkeldey also managed a mortgage backed portfolio. He successfully rearranged the structure of the portfolio to meet asset/liability re-pricing demands. His concept creation resulted in a portfolio that meet re-pricing sensitivity models while delivering positive bottom line results.

Mr. Hinkeldey's business philosophy is based on total enterprise engagement, accountability, and the deliverability of profitable projects. Mr. Hinkeldey's philosophy is that the client and his investment or requirements come first and are paramount to each success.

## **4. TERMS OF THE OFFERING**

### **4.1 GENERAL TERMS OF THE OFFERING**

This Private Offering Memorandum is offering a minimum of Six (6) and a maximum of One Hundred (100) Notes at Fifteen Thousand (\$15,000) Dollars per Note, for a minimum of Ninety Thousand (\$90,000) Dollars and a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars to a select group of Investors who satisfy the Investor Suitability Requirements (see "INVESTOR SUITABILITY REQUIREMENTS"). The Company has the authority to sell fractional Notes at its sole discretion. The Company has set a minimum offering proceeds figure of \$90,000 (the "minimum offering proceeds") for this Offering.

### **4.2 MINIMUM OFFERING AMOUNT - HOLDING ACCOUNT**

The Company has established an Investment Holding Account with Wells Fargo Bank, into which the minimum offering proceeds will be placed. At least Six (6) Notes must be sold for \$90,000 before such proceeds will be released from the holding account and utilized by the Company. After the minimum number of Notes is sold, all subsequent proceeds from the sale of Notes will be delivered directly to the Company.

### **4.3 NONTRANSFERABILITY OF NOTES**

The Notes have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), and are being offered in reliance upon an exemption under §4(2) and Rule 506 of Regulation D of the Securities Act, as amended, and rules and regulations hereunder. The Notes have not been registered under the securities laws of any state and will be offered pursuant to an exemption from registration in each state. A purchaser may transfer or dispose of the Note only if such Notes are subsequently registered under the Securities Act, or if an exemption from registration is available, and pursuant to an opinion of counsel acceptable to the Company and its counsel to the effect that the Notes may be transferred without violation of the registration requirements of the Securities Act or any other securities laws.

### **4.4 CLOSING OF THE OFFERING**

The Notes are offered and closed only when a properly completed Subscription Agreement (Exhibit A); Note (Exhibit B), and Investor Questionnaire (Exhibit C) are submitted by the investing Subscriber or his/her Investor Representatives and are received and accepted by the Company. The Subscription Agreement as submitted by an investing Subscriber or his/her Investor Representatives shall be binding once the Company signs the Subscription Agreement, Note and the funds delivered by the potential Investor to the Company with the Subscription Agreement has been cleared by the financial institution in which they are deposited by the Company. The Notes will be delivered to qualified Investors upon acceptance of their subscriptions. All funds collected from investing Subscribers will be deposited in a designated account under the control of the Company. Investors subscribing to the Notes may not withdraw or revoke their subscriptions at any

time prior to acceptance by the Company, except as provided by certain state laws, or if more than Twenty (20) days have passed after receipt of the Subscription Agreement by the Company without the Company accepting the Investor's funds and delivering all applicable documents to such Investor. The proceeds of this Offering will be used only for the purpose set forth in this Private Offering Memorandum (see "USE OF PROCEEDS").

The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon reaching the minimum offering amount of Ninety Thousand (\$90,000) Dollars.
2. Upon receipt of the maximum Offering subscription amount of One Million Five Hundred Thousand (\$1,500,000) Dollars.
3. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding Twenty (20) days thereafter to which the Company, in its sole discretion, may extend this Offering.

## **5. PLAN OF DISTRIBUTION**

### **5.1 OFFERING OF NOTES**

The Notes will be offered to prospective lenders by Officers and Directors of the Company and qualified licensed personnel, pursuant to State and Federal security rules and regulations. This Offering is made solely through this Private Placement Memorandum and without any form of general solicitation or advertising. The Company and its Officers and Directors or other authorized personnel will use their best efforts during the Offering period to find eligible Investors who desire to subscribe to the Notes in the Company. These Notes are offered on a "best efforts" basis, and there is no assurance that any or all of the Notes will be closed. The Company has the authorization to offer fractional Notes at its sole discretion. The Offering period will begin as of the date of this private Offering Memorandum and will close upon the happening of such occurrences as defined herein (see "TERMS OF THE OFFERING").

### **5.2 PAYMENTS TO BROKER DEALERS OR INVESTMENT ADVISORS**

The Company has the power to pay fees or commissions to qualified Broker Dealers, Registered Investment Advisors or any other person qualified under other applicable federal and state security laws.

## **6. DESCRIPTION OF NOTES**

### **6.1 NOTES**

The Company is offering One Hundred (100) Notes of the Company to potential investors at Fifteen Thousand (\$15,000) Dollars per Note, payable in cash at the time of the subscription. The minimum purchase is one (1) note. The Notes will have an annual rate of return of Twenty-Four (24%) percent simple interest over the term thereof, with a maturity date of Twenty-Four (24) months from the Commencement Date of each Note.

Principal and Interest shall be paid as follows:

**Principal:** Principal shall be paid at maturity. The maturity date is Twenty-Four (24) months from the Commencement Date of each Note.

**Interest:** Since there is a delivery period of approximately Ninety (90) days between the equipment purchase date and equipment delivery date, the first Ninety (90) days of interest will be deferred. The deferred interest (\$300 per month or \$900 for 90 days) will be added onto the note's principal amount of \$15,000. The new principal balance of the Note on the Ninety-First (91) day after the Commencement Date will be Fifteen Thousand Nine Hundred (\$15,900) dollars. Interest will be calculated on the combined amount of Fifteen Thousand Nine Hundred (\$15,900) dollars and will be paid monthly commencing in the Fourth (4<sup>th</sup>) month.

The notes will be secured by the equipment/compactors purchased.

The principal and any interest due on said principal may be prepaid at the sole discretion of the Company, without a prepayment penalty.

The Notes will be issued in the form attached hereto and incorporated herein by reference as though set forth in full herein as **Exhibit B**.

### **6.2 SECURITY FOR PAYMENT OF THE NOTES**

The Notes being offered by the Company in this Private Placement Offering will be secured by the equipment/compactors purchased.

### **6.3 REPORTS TO NOTEHOLDERS**

The Company will furnish annual unaudited reports to its Note holders ninety (90) days after its fiscal year. The Company may issue other interim reports to its Note holders as it deems appropriate. The Company's fiscal year ends on December 31<sup>st</sup> of each year.

## **7. USE OF PROCEEDS**



The gross proceeds of the Offering will be a minimum of Ninety Thousand (\$90,000) Dollars and a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars. The table below sets forth the use of proceeds for both the maximum and minimum offering amounts.

### Sources

	Maximum Amount	Percent of Proceeds	Minimum Amount	Percent of Proceeds
Proceeds From Sale of Notes	\$1,500,000	100%	\$90,000	100%

### Application of Proceeds

Offering Expenses (1)	\$ 5,000	0.33%	\$ 5,000	5.56%
Commissions (2)	\$ 150,000	10.00%	\$ 9,000	10.000%
Total Offering Expenses & Fees	\$ 155,000	10.33%	\$ 14,000	15.56%
Net Offering Proceeds (3)	\$ 1,345,000	89.67%	\$ 76,000	84.44%
Total Application of Proceeds	\$ 1,500,000	100%	\$ 90,000	100%

### Footnotes:

(1) Includes estimated memorandum preparation, filing, printing, legal, accounting and other fees and expenses related to the Offering

(2) This Offering is being sold by the officers and directors of the Company, who will not receive any compensation for their efforts. No sales fees or commissions will be paid to such officers or directors. Notes may be sold by registered brokers or dealers who are members of the NASD and who enter into a Participating Dealer Agreement with the Company. Such brokers or dealers may receive commissions up to ten percent (10%) of the price of the Notes sold.

(3) Net offering proceeds available for the purchase of compactors/equipment.

## 8. CAPITALIZATION STATEMENT

### 8.1 CAPITALIZATION PRIOR TO AND AFTER THE OFFERING

The following table summarizes the capitalization of the Company prior to, and as adjusted to reflect, the issuance and sale of the maximum of One Hundred (100) Notes or One Million Five Hundred Thousand (\$1,500,000) Dollars.

	AS ADJUSTED 08/03/2011	AFTER THE OFFERING
Notes	<u>-0-</u>	<u>\$1,500,000</u>
Membership Units \$ .10 par value, 1,000 Units authorized, 1000 Units issued and outstanding	\$100	\$100
Net Members Equity	\$100	\$100
TOTAL CAPITALIZATION	<u>\$100</u>	<u>\$1,500,100</u>

## 9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### 9.1 RESULTS OF OPERATIONS

The Company has yet to commence compactor operations.

### 9.2 LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity and capital resources are dependent on its ability to raise sufficient capital to pay for the purchase price of the Promissory Notes.

## 10. CERTAIN TRANSACTIONS

### 10.1 ARIZONA LIMITED LIABILITY CORPORATION

ERC Compactors LLC is a privately held Arizona Limited Liability Company, formed on August 3, 2011.

### 10.2 PRIVATE OFFERING OF NOTES

The Company is authorized to offer in this private offering, up to One Million Five Hundred Thousand (\$1,500,000) Dollars of Notes to selected investors, effective on August 8, 2011.

## **11. FIDUCIARY RESPONSIBILITIES OF THE DIRECTORS AND OFFICERS OF THE COMPANY**

### **11.1 GENERAL**

The Officers and Directors of the Company are accountable to the Company as fiduciaries and such Officers and Directors are required to exercise good faith and integrity in managing the Company's affairs and policies. Each Note holder of the Company, or their duly authorized representative, may inspect the books and records of the Company at any time during normal business hours. A Note holder may be able to bring an action on behalf of himself in the event the Note holder has suffered losses in connection with the purchase or sale of the Note(s) in the Company, due to a breach of fiduciary duty by an Officer or Director of the Company, in connection with such sale or purchase, including the misrepresentation or misapplication by any such Officer or Director of the proceeds from the sale of these Notes, and may be able to recover such losses from the Company.

### **11.2 INDEMNIFICATION**

Indemnification is permitted by the Company to directors, officers or controlling persons pursuant to Arizona law. Indemnification includes expenses, such as attorneys' fees and, in certain circumstances, judgments, fines and settlement amounts actually paid or incurred in connection with actual or threatened actions, suits or proceedings involving such person and arising from their relationship with the Company, except in certain circumstances where a person is adjudged to be guilty of gross negligence or willful misconduct, unless a court of competent jurisdiction determines that such indemnification is fair and reasonable under the circumstances.

## **12. RISK FACTORS**

THIS INVESTMENT INVOLVES A DEGREE OF RISK. AN INDIVIDUAL CONTEMPLATING INVESTMENT IN THIS OFFERING SHOULD GIVE CAREFUL CONSIDERATION TO THE ELEMENTS OF THE RISK SUMMARIZED BELOW, AS WELL AS THE OTHER RISK FACTORS IDENTIFIED ELSEWHERE IN THIS PRIVATE OFFERING MEMORANDUM.

### **12.1 FORMATION OF THE COMPANY**

The Company was formed on August 3, 2011. It is therefore subject to all the risks inherent in the creation of a new Company. Unforeseen expenses, complications and delays may occur with a new Company.

## **12.2 CONTROL BY COMPANY**

After completion of this offering, the Company will own one hundred percent (100%) of the issued and outstanding Membership Units. Such ownership will enable the Company to continue to elect all the Managers and to control the Company's policies and affairs. The Note holders will not have any voting rights in the Company.

## **12.3 RELIANCE ON THE COMPANY FOR MANAGEMENT**

All decisions with respect to the management of the Company will be made exclusively by the Managers of the LLC. The Note holders do not have the right or power to take part in the management of the Company. Accordingly, no person should purchase a Note unless he is willing to entrust all aspects of the management of the Company to existing Management.

## **12.4 LIMITED TRANSFERABILITY OF THE NOTES**

The transferability of the Notes in this offering are limited, and potential investors should recognize the nature of their investment in the offering. It is not expected that there will be a public market for the Notes because there will be only a limited number of investors and restrictions of the transferability of Notes. The Notes have not been registered under the Securities Act of 1933, as amended, or qualified or registered under the securities laws of any state and, therefore, the Notes cannot be resold unless they are subsequently so registered or qualified or an exemption from such registration is available. The offering also contains restrictions on the transferability of the Notes. Accordingly, purchasers of Notes will be required to hold such Notes to maturity unless otherwise approved by the Company. The Company does not intend to register the Notes under the Securities Act of 1933.

## **12.5 CAPITALIZATION OF THE COMPANY**

Prior to this offering, the Company was funded by its principals. Independent of the amounts raised in this offering, presently the Company does not have any other assets available to use to pay principal or interest on the Notes.

## **12.6 REGULATIONS**

The Company is subject to various federal and state laws, rules and regulations. The Company believes it is in full compliance with any and all applicable laws, rules and regulations.

## **12.7 U.S. ECONOMY**

The Company is subject to the U.S. Economy and its effect on consumer confidence and spending.

## **12.8 FORCE MAJEURE**

Neither party shall be liable in damages or have the right to terminate this Agreement for any delay or default in performing hereunder if such delay or default is caused by conditions beyond its control including, but not limited to Acts of God, Government restrictions (including the denial or cancellation of any export or other necessary license), wars, insurrections and/or any other cause beyond the reasonable control of the party whose performance is affected.

## **13. PRINCIPAL SHAREHOLDERS**

As of the date of this Offering, the Company has One Thousand (1,000) Membership Units issued and outstanding to Jason Todd Mogler and James Hinkeldey.

## **14. HOW TO INVEST**

An Investor who meets the qualifications as set forth in this Private Offering Memorandum may subscribe for at least the minimum purchase herein of One (1) Note (Fifteen Thousand (\$15,000) Dollars) by carefully reading this entire Private Offering Memorandum and by then completing and signing a separately bound booklet. This booklet contains identical copies of the following exhibits contained in the Private Offering Memorandum, including:

- Exhibit A     **INSTRUCTIONS TO SUBSCRIBERS and SUBSCRIPTION AGREEMENT:** This contains complete instructions to Subscribers and should be read in its entirety by the prospective investor prior to investing. The Subscription Agreement must be signed by the Investor.
- Exhibit B     **PROMISSORY NOTE:** This Note will be signed by ERC Compactors LLC.
- Exhibit C     **INVESTOR QUESTIONNAIRE:** This questionnaire requires a Subscriber to complete a financial history in order to aid the Company in the determination of the suitability of the Subscriber as a potential Investor. This questionnaire must be signed by the Investor.
- Exhibit D     **ERC Nevada LLC Business Plan**

Copies of all the above referenced documents are included with this Private Placement Memorandum. For discussion of the actions of the Company upon receipt of a properly completed request to invest by a Subscriber, please see "**TERMS OF THE OFFERING.**" Such Investor should include his check made payable to ERC

COMPACTORS LLC, along with the SUBSCRIPTION AGREEMENT, NOTE, AND INVESTOR QUESTIONNAIRE. Delivery of the documents referred to above, together with a check to the Company should be addressed to the Company as follows: ERC Compactors LLC, 8800 E. Chaparral Road., Suite 270, Scottsdale, AZ 85250.

## **15. INVESTOR SUITABILITY REQUIREMENTS**

### **15.1 INTRODUCTION**

Potential Investors should have experience in making investment decisions or such Investors should rely on their own tax consultants or other qualified investment advisors in making this investment decision.

### **15.2 GENERAL SUITABILITY**

Each potential Investor will be required to represent the following by execution of a Subscription Agreement:

1. The Investor has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in this Offering.
2. The Investor has the ability to bear the economic risk of this investment, has adequate means to provide for his, her or its current needs and personal contingencies, has no need for liquidity in this investment and could afford the complete loss of the investment.
3. The Investor is acquiring the Note(s) for his, her or its own account for investment purposes only and not with a view toward subdivision, resale, distribution or fractionalization thereof, or for the account of others, and has no present intention of selling or granting any participation in, or otherwise distributing, the Note(s).
4. The Investor's overall commitment to invest in the Note(s) is not disproportionate to his, her or its net worth and the investment in these Note(s) will not cause such overall commitment to become excessive.
5. The Investor has read and understands this Private Placement Memorandum and all its exhibits.

### **15.3 NONACCREDITED INVESTORS**

Up to and including thirty-five (35) investing Subscribers may be accepted by the Company as suitable Investors if each such Subscriber has a net worth sufficient to

bear the risk of losing his entire investment and meets the above "General Suitability Standards."

#### 15.4 ACCREDITED INVESTORS

In addition to satisfying the "General Standards" as defined above, all but thirty-five (35) Subscribers for Shares must each satisfy one of the "Accredited Investors" economic suitability standards as defined below:

1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds Five Hundred Thousand (\$500,000) Dollars;

2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of One Hundred Thousand (\$100,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;

3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

4. Any private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940);

5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;

6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

8. Any entity in which all of the equity owners are Accredited Investors.

NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.

#### **15.5 ACCEPTANCE OF SUBSCRIPTION AGREEMENT BY THE COMPANY**

The Investor Suitability Requirements referred to in this section represent minimum requirements for potential Investors. Satisfaction of these standards does not necessarily mean that participation in this Offering constitutes a suitable investment for such a potential Investor or that the potential Investors' Subscription will be accepted by the Company. The Company may, in fact, modify such requirements as circumstances dictate. All Subscription Agreements submitted by potential Investors will be carefully reviewed by the Company to determine the suitability of the potential Investor in this Offering. The Company may, in its sole discretion, refuse a Subscription in this Offering to any potential Investor who does not meet the applicable Investor Suitability Requirements or who otherwise appears to be an unsuitable Investor in this Offering. The Company will not necessarily review or accept a Subscription Agreement in the sequential order in which it is received. The Company also has the discretion to maximize the number of Accredited Investors in this Offering and, as a result, may accept less than thirty-five (35) Non-accredited Investors in this Offering.

#### **16. LITIGATION**

The Company and its Managers have no lawsuits pending, no legal actions pending or judgments entered against the Company or Managers and, to the best knowledge of the Company, no legal actions are contemplated against the Company and/or its Managers.

#### **17. ADDITIONAL INFORMATION**

Reference materials described in this Private Offering Memorandum are available for inspection at the office of the company during normal business hours. It is the intention of the Company that all potential Investors are given full access to such information for their consideration in determining whether to purchase the Notes being offered. Prospective Investors should contact the Company for access to information regarding the matters set



forth or other information concerning the Company. Representatives of the Company will also answer all inquiries from potential Investors concerning the Company and any matters relating to its proposed operations or present activities. The Company will afford potential Investors and their representatives the opportunity to obtain any additional information reasonably necessary to verify the accuracy or the source of any representations or information contained in this Private Offering Memorandum. All contracts entered into by the Company are subject to modifications and the Company may make any changes in any such contracts as deemed appropriate in its best discretion. Such recent amendments may not be circulated to Subscribers prior to the time of closing this Offering. However, potential Investors and their representatives may review such material or make inquiry of the Company concerning any of these and any other matters of interest.

## **18. FORECASTS OF FUTURE OPERATING RESULTS**

Any forecasts and proforma financial information which may be furnished by the Company to prospective Investors or which are part of the Company's business plan, are for illustrative purposes only and are based upon assumptions made by Management regarding hypothetical future events. There is no assurance that actual events will correspond with the assumptions or that factors beyond the control of the Company will not affect the assumptions and adversely affect the illustrative value and conclusions of any forecasts.

## **19. GLOSSARY OF TERMS**

The following terms used in this Memorandum shall (unless the context otherwise requires) have the following respective meanings:

**ACCEPTANCE.** The acceptance by the Company of a prospective investor's subscription.

**ACCREDITED INVESTORS.** Those investors who meet the criteria set forth in "INVESTOR SUITABILITY REQUIREMENTS."

**BROKER-DEALER.** A person or firm licensed with the NASD, the SEC and with the securities or corporate commissions department of the state in which it sells investment securities and who may employ licensed agents for that purpose.

**COMPANY.** Refers to ERC COMPACTORS LLC, an Arizona Limited Liability Company.

**NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. (NASD).** A self-regulating body which licenses brokers and dealers handling securities offerings, reviews the terms of an offering's underwriting arrangements and

advertising literature and, while not a governmental agency, acts as a review service watchdog to make sure that its regulations and those of the SEC are followed for the Investor's protection in offerings of securities.

**NOTES.** A Fifteen Thousand (\$15,000) Dollar investment consisting of one (1) Promissory Note issued by **ERC COMPACTORS LLC**, an Arizona Limited Liability Company.

**SECURITIES ACT OF 1933.** A federal act regulated and enforced by the SEC that requires, among other things, the registration and use of a prospectus whenever a security is sold (unless the security or the manner of the Offering is expressly exempt from such registration process).

**SECURITIES EXCHANGE ACT OF 1934.** A federal act regulated and enforced by the SEC which supplements the Securities Act of 1933 and contains requirements which were designed to protect investors and to regulate the trading (secondary market) of securities. Such regulations require, among other things, the use of prescribed proxy statements when investors' votes are solicited; the disclosure of management and large shareholders' holding of securities; controls on the resale of such securities; and periodic (monthly, quarterly, annually) filing with the SEC of financial and disclosure reports of the Issuer.

**SECURITIES AND EXCHANGE COMMISSION (SEC).** An independent United States government regulatory and enforcement agency which supervises investment trading activities and registers companies and those securities which fall under its jurisdiction. The SEC also administers statutes to enforce disclosure requirements that were designed to protect investors in securities offerings.

**SUBSCRIPTION DOCUMENTS.** Consists of the Note, Subscription Agreement, Investor Questionnaire and a check as payment for the Note(s) to be purchased submitted by each prospective Investor to the Company.

**TERMINATION DATE.** The earlier to occur of the date on which all Notes are sold or August 7, 2012.

*(the remainder of this page has been intentionally left blank)*

20. ACKNOWLEDGMENT

By signing below, the undersigned acknowledges that he/she has read and understood this entire Private Placement Memorandum.

Charles M. Sanders  
Signature

10/6/01  
Date

Charles M. Sanders  
Print Name

**EXHIBIT A**  
**SUBSCRIPTION AGREEMENT**

Print Name of Subscriber: Charles M. Sanders

Amount Loaned: \$15,000.00

Number of Notes: 1

**ERC COMPACTORS LLC**  
**SUBSCRIPTION DOCUMENTS**

**OFFERING OF A MINIMUM OF SIX (6)  
AND A  
MAXIMUM OF ONE HUNDRED (100)  
SECURED PROMISSORY NOTES**

**FIFTEEN THOUSAND (\$15,000) DOLLARS PER NOTE**

**AUGUST 8, 2011**

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**SUBSCRIPTION INSTRUCTIONS**  
**(please read carefully)**

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Each subscriber for the secured Promissory Notes, Fifteen Thousand (\$15,000) Dollars per Note (the "Notes") of ERC Compactors LLC, an Arizona Limited Liability Company ("the Company"), must complete and execute the Subscription Documents in accordance with the instructions set forth below. The completed documents should be sent to ERC Compactors LLC, 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250.

**Payment for the Securities should be made by check payable to the Company and enclosed with the documents as directed in Section III below.**

- I. These Subscription Documents contain all of the materials necessary for you to purchase the Notes. This material is arranged in the following order:
  - Subscription Agreement
  - Promissory Note
  - Confidential Prospective Purchaser's Questionnaire
- II. All investors must complete in detail, date, initial, and sign the Subscription Documents where appropriate. All applicable sections must be filled in.
- III. Payment for the Notes must be made by check as provided below:

Please make your check payable, in the appropriate amount, for the number of Notes purchased (at Fifteen Thousand (\$15,000) per Note), to "ERC Compactors LLC". Your check should be enclosed with your signed subscription documents.

All funds received from subscribers will be placed in a segregated Holding Account of the Company. Once the minimum offering amount has been reached the funds will be transferred to the Company's operating account and will be available for use.

#### IV SPECIAL INSTRUCTIONS

**FOR CORPORATIONS.** Include copy of Board resolution designating the corporate officer authorized to sign on behalf of the corporation, a Board resolution authorizing the investment, and financial statements.

**FOR PARTNERSHIPS.** Provide a complete copy of the partnership agreement, questionnaire, and financial statements for each General Partner.

**FOR TRUSTS.** Provide a complete copy of the instruments or agreements creating the trust, as amended to date.

**Print Name of Subscriber:** Charles M. Sanders

**Amount Loaned:** \$15,000.00

**Number of Notes:** 1

**Subscription Agreement**

To: ERC Compactors LLC  
8800 E. Chaparral Road  
Suite 270  
Scottsdale, AZ 85250

Gentlemen:

1. **Subscription.** The undersigned hereby subscribes for 1 Notes of ERC Compactors LLC (the "Company"), an Arizona Limited Liability Company, and agrees to loan to the Company Fifteen Thousand (\$15,000) Dollars per Note for an aggregate loan of \$15,000.00 (the "Loan Amount") upon the terms and subject to the conditions (a) set forth herein, and (b) described in the Confidential Private Placement Memorandum ("Private Placement Memorandum") dated August 8, 2011 together with all exhibits thereto and materials included therewith, and all supplements, if any, related to this offering. The minimum loan is Fifteen Thousand (\$15,000) Dollars, but the Company has the discretion to offer fractional Notes for loans less than the minimum.

2. **Note Offering.** The Company is offering a minimum of Six (6) and up to a maximum of One Hundred (100) Notes at Fifteen Thousand (\$15,000) Dollars per Note, with a minimum subscription of one (1) Note (the "Offering"). The minimum aggregate loan to the Company will be Ninety Thousand (\$90,000) Dollars and the maximum aggregate loan to the Company from this Offering will be One Million Five Hundred Thousand (\$1,500,000) Dollars. The Offering is being made to a limited number of investors pursuant to an exemption available under the Securities Act of 1933 (the "Act"), specifically Rule 506 promulgated under Regulation D, and under certain other laws, including the securities law of certain states.

3. **Documents to be Delivered.** The undersigned is delivering to the Company executed copies of this Subscription Agreement (the "Agreement"), the Note(s), Offeree Questionnaire, and all other applicable exhibits and documents (the "Subscription Documents"). The Subscription Documents should be delivered to ERC Compactors LLC, at 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250. The undersigned understands and agrees that he or it will not become a "Holder" of the Note(s) and the Company shall not become a "Maker" of the Note(s) unless and until the Agreement and Note(s) are executed by the Company.

**4. Making of Loan Amount.** The undersigned, simultaneously with the delivery of the Subscription Documents to the Company, hereby tenders to the Company the Loan Amount by check made payable to the order of ERC Compactors LLC in the amount indicated above.

**5. Acceptance or Rejection of Subscription.** The undersigned understands and agrees that the Company reserves the right, exercisable in its sole discretion, to accept or reject any subscription, in whole or in part, for any reason and that the undersigned will be notified by the Company as promptly as practicable as to whether his or its subscription has been accepted or rejected. If the undersigned's subscription is accepted, in whole or in part, by the Company, the Company will execute this Agreement and the Note(s) and return them to the undersigned. If this subscription is rejected by the Company, either in whole or in part, all funds, in the case of a rejection of the subscription in whole, or those funds representing the amount of the subscription not accepted by the Company, in the case of a rejection of the subscription in part, will be returned to the undersigned as promptly as practicable. If this subscription is rejected in whole by the Company, this Agreement shall be null, void and of no effect. The undersigned does not have the right to withdraw or revoke his or its subscription during the Offering period, except as provided by certain state laws, except that if more than Twenty (20) days shall have passed from the date the Company received completed and executed Subscription Documents and the Loan Amount from the undersigned (the "Acceptance Period"), and the Company has not accepted the subscription during the Acceptance Period, the undersigned may withdraw his or its subscription at any time after the Acceptance Period up until such time that the Company subsequently decides, in its sole discretion, to accept the subscription in whole or in part.

**6. Offering Period.** The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon reaching the minimum offering amount of Ninety Thousand (\$90,000) Dollars.

2. Upon receipt of the maximum Offering subscription amount of One Million Five Hundred Thousand (\$1,500,000) Dollars.

3. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding Twenty (20) days thereafter to which the Company, in its sole discretion, may extend this Offering.

**7. Closing of the Loan.** The Note(s) subscribed for herein shall not be deemed made by the Company or held by the undersigned until this Agreement and the Note(s) have been countersigned by the Company, and until the funds delivered by the undersigned to the Company with the Subscription Documents have been deposited in the Holding Account and have been cleared by the applicable bank of the Company (the



"Effective Date"). Upon the Effective Date, (a) the undersigned shall have loaned to the Company the Loan Amount, (b) the undersigned shall become the Holder and the Company shall become the Maker of the Note(s) subscribed for by the undersigned, and (c) both the undersigned and the Company shall be bound by the terms of the Private Placement Memorandum and the Subscription Documents and any other undertakings described herein.

#### **8. Representations and Warranties.**

(a) The Company hereby represents and warrants as follows:

(i) The Company is a Limited Liability Company duly organized, validly existing and in good standing under the laws of the State of Arizona and has the requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted;

(ii) This Agreement constitutes the valid and binding obligation of the Company enforceable against the Company in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws from time to time in effect which affect creditor's rights generally and by legal and equitable limitations on the availability of specific performance and other equitable remedies under or by virtue of this Agreement). The Company has all requisite power and authority, corporate and other, to execute and deliver this Agreement and the Note(s) and to consummate the transactions contemplated hereby. All persons who have executed this Agreement and the Note(s) on behalf of the Company have been duly authorized to do so by all necessary corporate action. Neither the execution and delivery of this Agreement and the Note(s) nor the consummation of the transactions contemplated hereby will (A) violate any provision of the Certificate of Incorporation or Operating Agreement of the Company, as currently in effect; (B) violate any judgment, order, injunction, decree or award against, or binding upon, the Company or the securities, assets, properties, operations or business of the Company; or (C) violate any law or regulation applicable to the Company or to the securities, assets, properties, operations or business of the Company.

(b) In order to induce the Company to accept the subscription made hereby, the undersigned hereby represents and warrants to the Company as follows:

(i) The undersigned has received the Private Placement Memorandum and the Subscription Documents. The undersigned has read and understands the Private Placement Memorandum and Subscription Documents and the information contained in those documents concerning the Company and this Offering or has caused his or its representative to read and examine the Private Placement Memorandum and Subscription Documents. The undersigned has relied only on the information about the Company contained in these documents and his or its own independent investigation in making his or its subscription. The undersigned

understands that the Notes will be issued with the rights and subject to the conditions described in the Private Placement Memorandum and Subscription Documents;

(ii) The undersigned is familiar with the terms and conditions of the Offering and is aware that his or its investment involves a degree of risk and the undersigned has read the section in the Private Placement Memorandum titled "Risk Factors."

(iii) The undersigned hereby specifically accepts and adopts each and every provision of this Agreement and acknowledges and agrees with each and every provision of this Agreement and, upon acceptance by the Company of the subscription made hereby, agrees to be bound by such provisions.

(iv) The undersigned acknowledges and is aware that there is no assurance as to the future performance of the Company.

(v) The undersigned, if an individual (A) has reached the age of majority in the state in which he resides and (B) is a bona fide resident and domiciliary (not a temporary or transient resident) of the state set forth below his signature on the signature page hereof and has no present intention of becoming a resident of any other state or jurisdiction. The undersigned, if a partnership, corporation, limited liability company, trust or other entity, was organized or incorporated under the laws of the jurisdiction set forth below the signature made on its behalf on the signature page hereof and has no present intention of altering the jurisdiction of its organization, formation or incorporation.

(vi) The undersigned has the financial ability to bear the economic risk of an investment in the Offering, has adequate means of providing for his or its current needs and personal contingencies, has no need for liquidity in the Note(s) and could afford a complete loss of his or its investment in the Offering.

(vii) The undersigned represents and warrants to the Company that he or it comes within one of the categories of investors as defined in Exhibit 1 hereto (*please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity*).

(viii) The undersigned has been given the opportunity to review the merits of an investment in the Offering with tax and legal counsel or with an investment advisor to the extent the undersigned deemed advisable.

(ix) The undersigned's overall commitment to invest in the Note(s), which are not readily marketable, is not disproportionate to his or its net worth and his or its investment in the Offering will not cause such overall commitment to become excessive.

(x) The undersigned has such knowledge and experience in financial and business matters that he or it is capable of evaluating the merits and risks of an investment in the Offering.

(xi) The undersigned has been given a full opportunity to ask questions of and to receive (A) answers from the Company and its Managers concerning the terms and conditions of this Offering and the business of the Company and (B) such other information as he or it desired in order to evaluate an investment in the Offering, and all such questions have been answered to the full satisfaction of the undersigned. No oral or written representations have been made or oral or written information furnished to the undersigned or the undersigned's advisors in connection with the Offering or interests that were in any way inconsistent with this Subscription Agreement. The undersigned is not participating in the Offering as a result of or subsequent to: (1) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television, radio or the internet or (2) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

(xii) If the undersigned is a corporation, limited liability company, partnership, trust or other entity, it is authorized and qualified to make this loan to the Company and the person signing this Agreement on behalf of such entity has been duly authorized by such entity to do so.

(xiii) If the undersigned is a corporation, limited liability company or partnership, the person signing this Agreement on its behalf hereby represents and warrants that the information contained in this Agreement completed by any shareholders of such corporation, members of such limited liability company or partners of such partnership is true and correct with respect to such shareholder, member or partner (and if any such shareholder is itself a corporation, limited liability company or partnership, with respect to all persons having an equity interest in such corporation, limited liability company or partnership, whether directly or indirectly) and that the person signing this Agreement has made due inquiry to determine the truthfulness and accuracy of the information contained in this Agreement.

(xiv) The purchase of the Note(s) by the undersigned has been duly authorized, and the execution, delivery and performance of this Agreement does not conflict with the undersigned's partnership agreement, certificate of incorporation, by-laws, articles of organization, operating agreement or any agreement to which the undersigned is a party and this Agreement is a valid and binding agreement enforceable against the undersigned in accordance with its terms.

(xv) The undersigned hereby represents that he or it is subscribing for the Notes as principal or as trustee, solely for the account of the undersigned, for investment purposes only and not with a view to, or for, subdivision, resale, distribution, or fractionalization thereof, in whole or in part, or for the account, in

whole or in part, of others, and, except as disclosed herein, no other person has a direct or indirect beneficial interest in the Note(s). The undersigned will hold the Note(s) as an investment and has no reason to anticipate any change in circumstances or other particular occasion or event, which would cause the undersigned to attempt to sell any of the Note(s).

(xvi) The undersigned acknowledges his or its understanding that (A) the Offering of the Note(s) by the Company has not been registered under the Act, as amended, or the securities laws of certain states in reliance on specific exemptions from registration, (B) the Confidential Memorandum and Subscription Documents have not been filed with or reviewed by the Securities and Exchange Commission or the securities department of any state and no securities administrator of any state or the federal government has recommended or endorsed this Offering or made any finding or determination relating to the fairness of an investment in the Company, and (C) the Offering of the Note(s) by the Company is intended to be exempt from registration pursuant to Section 4 (2) of the Act and the rules promulgated thereunder by the Securities and Exchange Commission, and that the undersigned's Note(s) cannot be sold, pledged, assigned or otherwise disposed of unless they are registered under the Act or an exemption from such registration is available.

(xvii) The undersigned represents and warrants that he or it will not transfer or convey all or part of his or its financial interest in the Note(s) unless such Note(s) are subsequently registered under the Act, or an exemption from such registration is available and without (A) the prior written consent of the Company and (B) an opinion of counsel acceptable to the Company and its counsel to the effect that the Note(s) may be transferred without violation of the registration requirements of the Act or any applicable state securities laws, as may be amended from time to time. The undersigned further acknowledges that there can be no assurance that the Company will file any registration statement for the Note(s) for which the undersigned is subscribing, that such registration statement, if filed, will be declared effective or, if declared effective, that the Company will be able to keep it effective until the undersigned sells the Note(s) registered thereon.

(xviii) The undersigned understands that this Agreement is subject to the Company's acceptance and may be rejected by the Company at any time in its sole discretion in whole or any part prior to issuance of the Note(s) with respect to the undersigned's subscription, notwithstanding prior receipt by the undersigned of notice of acceptance of the undersigned's subscription. The Company reserves the right to withdraw the Offering at any time.

(xix) The undersigned acknowledges that this Agreement shall become binding upon the undersigned when it is countersigned by the Company and the undersigned is not entitled to cancel, terminate, or revoke this subscription before or after acceptance by the Company, except as otherwise provided in this Agreement.

(xx) All information provided by the undersigned in the Investor Questionnaire and Investor Representative Questionnaire (if applicable) which accompanies this Agreement is true and accurate in all respects, and the undersigned acknowledges that the Company will be relying on such information to its possible detriment in deciding whether the Company can make these Note(s) to the undersigned without giving rise to the loss of an exemption from registration under the applicable securities laws.

**9. Foreign Person.** If the undersigned has indicated on the signature page of this Agreement that he, she or it is a foreign person, he, she or it agrees to notify the Company in writing within sixty (60) days of becoming a nonresident alien, foreign corporation, foreign partnership, foreign trust, foreign estate or other foreign entity, as the case may be.

**10. Indemnity.** The undersigned agrees to indemnify and hold harmless the Company, its managers, members, agents, attorneys and affiliates and each other person, if any, who controls any thereof, within the meaning of Section 15 of the Act, against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the undersigned to comply with any covenant or agreement made by the undersigned herein or in this Agreement or in any other document furnished by the undersigned to any of the foregoing in connection with this transaction.

**11. Notice.** All notices in connection with this Agreement shall be in writing and personally delivered or delivered via overnight mail, with written receipt therefor, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 11) with a copy, in the case of notice to the Company, to ERC Compactors LLC, at 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

**12. Miscellaneous.**

(a) This Agreement is not assignable by the undersigned. This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) This Agreement shall be deemed to have been made in the State of Arizona and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in State of Arizona. The parties hereto hereby consent to personal

jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Agreement.

(c) This Agreement contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Agreement shall be effective unless in writing and signed by both parties to this Agreement.

(d) No waiver of any breach of any terms of this Agreement shall be effective unless made in writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall be construed as a waiver of any subsequent breach of that term or of any other term of the same or different nature.

(e) If any provision or portion of this Agreement or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Agreement.

(f) Each of the parties hereto shall cooperate and take such actions, and execute such other documents, at the execution hereof or subsequently, as may be reasonably requested by the other in order to carry out the provisions and purposes of this Agreement.

IN WITNESS WHEREOF, the undersigned, by his or its execution hereof, agrees to be bound by this Agreement.

Executed this 10<sup>th</sup> day of October, 2011,  
at Scottsdale (City), AZ (State).

**If the Investor is an INDIVIDUAL, complete the following:**

The undersigned (*circle one*): ☒ **[is]** ☐ **[is not]** a citizen or resident of the United States.

Charles M. Sanders

Print Name of Individual:

Print Name of Spouse if Funds are to  
be invested in Joint Name or are  
Community Property:

[REDACTED]  
Print Social Security Number of Individual:

Print Social Security Number of  
Spouse

Charles M. Sanders  
Signature of Individual:

N/A  
Signature of Spouse if Funds are to be  
Invested in Joint Name or are  
Community Property

Print Address of Residence:

Print Telephone Number:

[REDACTED]  
AZ

The investor is PARTNERSHIP, CORPORATION, TRUST OR OTHER ENTITY, complete the following:

The undersigned (*circle one*) [is] [is not] a foreign partnership, foreign corporation, trust or foreign estate (as defined in the Internal Revenue Code of 1986, as amended, and the treasury regulations promulgated there under).

\_\_\_\_\_  
Print Name of Partnership, Corporation,  
Trust or Entity:

\_\_\_\_\_  
Title of Authorized Representative

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Print Jurisdiction of Organization or  
Incorporation

\_\_\_\_\_  
Print Name of Authorized Representative

\_\_\_\_\_  
Print Federal Tax Identification Number

\_\_\_\_\_  
Print Address of Residence:

\_\_\_\_\_  
Print Telephone Number:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

#### ACCEPTANCE

The terms of the foregoing, including the subscription described therein, are agreed to and accepted on this \_\_\_\_ day of \_\_\_\_\_, 2011

ERC COMPACTORS LLC

By: \_\_\_\_\_

Jason Todd Megler - President

By: \_\_\_\_\_

Jim Hinkeldey - Vice-President



**EXHIBIT 1  
INVESTOR STATUS**

*(Please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity).*

                      
initials

A. **"Non- accredited Investor"**. The undersigned does not meet the definition of an "Accredited Investor" as defined herein below;

                      
initials

B. **"Accredited Investor"**. The undersigned is an Accredited Investor as defined below (*check applicable box*):

☐ 1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds Five Hundred Thousand (\$500,000) Dollars;

☐ 2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of One Hundred Thousand (\$100,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;

☐ 3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U. S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

☐ 4. Any private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940);

☐ 5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;

☐ 6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

☐ 7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

☐ 8. Any entity in which all of the equity owners are Accredited Investors.

**NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.**

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\* If this box is checked, please indicate on a separate schedule to be attached hereto, the category of Accredited Investor in which each equity owner of such entity is included.

**EXHIBIT B**  
**PROMISSORY NOTE**

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**EXHIBIT B**

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**PROMISSORY NOTE**

THIS NOTE HAS BEEN MADE FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO OR FOR SALE IN CONNECTION WITH THE DISTRIBUTION THEREOF AND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THIS NOTE MAY NOT BE SOLD, TRANSFERRED, OR ASSIGNED ("TRANSFER") UNLESS IT IS SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE AND THE MAKER CONSENTS IN WRITING TO SUCH TRANSFER.

ERC COMPACTORS LLC, an Arizona Limited Liability Company, with offices at 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250 (the "Maker"), for value received, promises to pay to the Individual and/or legal entity designated in this Note as the "HOLDER," the principal sum of Fifteen Thousand (\$15,000.00) Dollars.

The Notes will have an annual rate of return of Twenty-Four (24%) percent simple interest over the term thereof, with a maturity date of Twenty-Four (24) months from the Commencement Date of each Note.

Principal and Interest shall be paid as follows:

Principal: Principal shall be paid at maturity. The maturity date is Twenty-Four (24) months from the Commencement Date of each Note.

Interest: Since there is a delivery period of approximately Ninety (90) days between the equipment purchase date and equipment delivery date, the first Ninety (90) days of interest will be deferred. The deferred interest (\$300 per month or \$900 for 90 days) will be added onto the note's principal amount of \$15,000. The new principal balance of the Note on the Ninety-First (91) day after the Commencement Date will be Fifteen Thousand Nine Hundred (\$15,900) dollars. Interest will be calculated on the combined amount of \$15,900 (\$15,900) and will be paid monthly commencing in the Fourth (4<sup>th</sup>) month.

The principal and any interest due on said principal may be prepaid at the sole discretion of the Company, without a prepayment penalty.

**1. NOTES**

This Note in the principal amount of Fifteen Thousand (\$15,000) Dollars per Note, or any fractional amounts, is offered for sale by the Maker, pursuant to that certain "Private Placement Memorandum" dated August 8, 2011. The Note shall be senior debt of the Maker.

**2. EVENTS OF DEFAULT**

A default shall be defined as one or more of the following events ("Event of Default") occurring and continuing:

- (a) The Maker shall fail to pay any interest payment on this Note when due for a period of Twenty (20) days after notice of such default has been sent by the Holder to the Maker.
- (b) The Maker shall dissolve or terminate the existence of the Maker.
- (c) The Maker shall file a petition in bankruptcy, make an assignment for the benefit of its creditors, or consent to or acquiesce in the appointment of a receiver for all or substantially all of its property, or a petition for the appointment of a receiver shall be filed against the Maker and remain unstayed for at least ninety (90) days.
- (d) If the maturity date is extended this will not be considered an event of default.

Upon the occurrence of an Event of Default, the Holder of this Note may, by written notice to the Maker, declare the unpaid principal amount and all accrued interest of the Note immediately due and payable.

**3. SECURITY FOR PAYMENT OF THE NOTE(S)**

The Note(s) offered by the MAKER are secured by the equipment/compactors purchased.

**4. COMMENCEMENT DATE OF THE NOTE**

The Commencement Date of the Note shall be the "Effective Date," as defined in that certain "Subscription Agreement" attached as Exhibit A to the Private Placement Memorandum.

**5. STATUS OF HOLDER**

The Maker may treat the Holder of this Note as the absolute owner of this Note for the purpose of making payments of principal or interest and for all other purposes,

and shall not be affected by any notice to the contrary, unless the Maker so consents in writing.

## **6. SECURITIES ACT RESTRICTIONS**

This Note has not been registered for sale under the Act. This Note may not be sold, offered for sale, pledged, assigned or otherwise disposed of, unless certain conditions are satisfied, as more fully set forth in the Subscription Agreement.

## **7. ATTORNEYS' FEES**

The prevailing party in an action to enforce this Note shall be entitled to reasonable attorneys' fees, costs and collection expense.

## **8. MISCELLANEOUS.**

(a) **Successors and Assigns.** The Holder may not assign, transfer or sell this Note to any party without the express written consent of the Maker. This Note shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) **Entire Agreement.** This Note contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Note shall be effective unless in writing and signed by both parties to this Note.

(c) **Notices.** All notices in connection with this Note shall be in writing and personally delivered or delivered via overnight mail, with written receipt therefore, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 8) with a copy to ERC Compactors LLC, 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

(d) **Section Headings.** The headings of the various sections of the Note have been inserted as a matter of convenience for reference only and shall be of no legal effect.

(e) **Severability.** If any provision or portion of this Note or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Note.

(f) **Applicable Law.** This Note shall be deemed to have been made in the State of Arizona, and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in the State of Arizona. The parties hereto hereby consent to personal jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Note.

**Maker:**

ERC Compactors LLC,  
An Arizona LLC  
8800 E. Chaparral Road  
Suite 270  
Scottsdale, AZ 85250

*J. Mogler* 10-6-2011  
Sign & Date

Jason Mogler  
Print Name

**Holder:**

Charles M. Sanders

*Charles M. Sanders* 10/6/11  
Sign & Date

Charles M. Sanders  
Print Name

CHARLES M. Sanders  
Address:

[REDACTED]  
[REDACTED] AZ [REDACTED]

**EXHIBIT C**  
**Investor Suitability Questionnaire**



EXHIBIT C

ERC Compactors LLC

**Investor Suitability Questionnaire**

To: Prospective purchasers of Promissory Notes (the "Notes") offered by ERC Compactors LLC (the "Company").

The Purpose of this Questionnaire is to solicit certain information regarding your financial status to determine whether you are an "Accredited Investor," as defined under applicable federal and state securities laws, and otherwise meet the suitability criteria established by the Company for purchasing Notes. ***This questionnaire is not an offer to sell securities.***

Your answers will be kept as confidential as possible. You agree, however, that this Questionnaire may be shown to such persons as the Company deems appropriate to determine your eligibility as an Accredited Investor or to ascertain your general suitability for investing in the Notes.

***Please answer all questions completely and execute the signature page***

**A. Personal**

1. Name: \_\_\_\_\_
2. Address of Principal Residence: \_\_\_\_\_  
\_\_\_\_\_ County: \_\_\_\_\_
3. Residence Telephone: (\_\_\_\_) \_\_\_\_\_
4. Where are you registered to vote? \_\_\_\_\_
5. Your driver's license is issued by the following state: \_\_\_\_\_
6. Other Residences or Contacts: Please identify any other state where you own a residence, are registered to vote, pay income taxes, hold a driver's license or have any other contacts, and describe your connection with such state:  
\_\_\_\_\_  
\_\_\_\_\_
7. Please send all correspondence to:

- (1)\_\_\_\_\_ Residence Address (as set forth in item A-2)
- (2)\_\_\_\_\_ Business Address (as set forth in item B-1)
8. Date of Birth:\_\_\_\_\_
9. Citizenship:\_\_\_\_\_
10. Social Security or Tax I.D. #:\_\_\_\_\_

**B. Occupations and Income**

1. Occupation:\_\_\_\_\_
- (a) Business Address:\_\_\_\_\_
- \_\_\_\_\_
- (b) Business Telephone Number: (\_\_\_\_\_)\_\_\_\_\_
2. Gross income during each of the last two years exceeded:
- (1)\_\_\_\_\_ \$25,000 (2)\_\_\_\_\_ \$50,000
- (3)\_\_\_\_\_ \$100,000 (4)\_\_\_\_\_ \$200,000
3. Joint gross income with spouse during each of the last two years exceeded \$300,000
- (1)\_\_\_\_\_ Yes (2)\_\_\_\_\_ No
4. Estimated gross income during current year exceeds:
- (1)\_\_\_\_\_ \$25,000 (2)\_\_\_\_\_ \$50,000
- (3)\_\_\_\_\_ \$100,000 (4)\_\_\_\_\_ \$200,000
5. Estimated joint gross income with spouse during current year exceeds \$300,000
- (1)\_\_\_\_\_ Yes (2)\_\_\_\_\_ No

**C. Net Worth**

1. Current net worth or joint net worth with spouse (note that "net worth" includes all of the assets owned by you and your spouse in excess of total liabilities, including the fair market value, less any mortgage, of your principal residence.)
- (1)\_\_\_\_\_ \$50,000-\$100,000 (2)\_\_\_\_\_ \$100,000-\$250,000 (3)\_\_\_\_\_ \$250,000-\$500,000
- (4)\_\_\_\_\_ \$500,000-\$750,000 (5)\_\_\_\_\_ \$750,000-\$1,000,000 (6)\_\_\_\_\_ over \$1,000,000

2. Current value of liquid assets (cash, freely marketable securities, cash surrender value of life insurance policies, and other items easily convertible into cash) is sufficient to provide for current needs and possible personal contingencies:

(1) ☐ Yes

(2) ☐ No

**D. Affiliation with the Company**

Are you a director or executive officer of the Company?

(1) ☐ Yes

(2) ☐ No

**E. Investment Percentage of Net Worth**

If you expect to invest at least \$100,000 in Notes, does your total purchase price exceed 10% of your net worth at the time of sale, or joint net worth with your spouse.

(1) ☐ Yes

(2) ☐ No

**F. Consistent Investment Strategy**

Is this investment consistent with your overall investment strategy?

(1) ☐ Yes

(2) ☐ No

**G. Prospective Investor's Representations**

The information contained in this Questionnaire is true and complete, and the undersigned understands that the Company and its counsel will rely on such information for the purpose of complying with all applicable securities laws as discussed above. The undersigned agrees to notify the Company promptly of any change in the foregoing information which may occur prior to any purchase by the undersigned of securities from the Company.

Prospective Investor:

Charles M. Sanders  
Signature

Date: 10/6/01, 20\_\_

\_\_\_\_\_  
Signature (of joint purchase if purchase is to be made as joint tenants or as tenants in common)

**EXHIBIT D**  
**ERC COMPACTORS LLC**  
**BUSINESS PLAN**

## PROMISSORY NOTE

**Borrowers:** Jason Mogler of Phoenix, Arizona ; ERC of Nevada LLC; and ERC Compactors LLC of 8800 E. Chaparral #270 Scottsdale, Arizona 85250 (individually and collectively the "Borrowers")


**Lender:** Mark Sherman

**Principal Amount:** \$35,000


1. FOR VALUE RECEIVED, The Borrowers promise to pay to Mark Sherman at P.O. BOX 51000 Phoenix Arizona 85076, or at such address as may later be provided in writing to the Borrowers, the principal sum of thirty-five thousand (\$35,000 ) USD, with interest payable on the unpaid principal at the rate of 24 percent per annum, calculated yearly not in advance.
2. This Note will be repaid in 12 consecutive yearly installments of interest only on the anniversary date of the execution of this Note. With any outstanding balance owing under this Note being paid at the end of its term.
3. At any time while not in default under this Note, the Borrowers may pay the outstanding balance then owing under this Note to Mark Sherman without further bonus or penalty.
4. Notwithstanding anything to the contrary in this Note, if the Borrowers default in the performance of any obligation under this Note, then Mark Sherman may declare the principal amount owing and interest due under this Note at that time to be immediately due and payable.
5. This Note will be construed in accordance with and governed by the laws of the State of Arizona.
6. In the case of the Borrowers' default and the acceleration by Mark Sherman of the amount due, all amounts outstanding under this Note will bear interest at the rate of 26 percent per annum from the date of demand until paid.

IN WITNESS WHEREOF the parties have duly affixed their signatures under seal on this 22nd day of August, 2011.

**SIGNED, AND DELIVERED**  
this 22nd day of August, 2011.

  
\_\_\_\_\_  
ERC Compactors LLC by Jason Mogler an  
Authorized Representative

**SIGNED, AND DELIVERED**  
this 22nd day of August, 2011.

  
\_\_\_\_\_  
Mark Sherman



**CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM**

**ERC COMPACTORS LLC**

An Arizona Limited Liability Company

---

**\$1,500,000**

**Minimum Offering Amount: \$90,000**

**\$15,000 per Promissory Note (Unit)**

**MINIMUM PURCHASE - 1 Promissory Note**

**24% Annual Rate of Return**

**Maturity Date: 24 months**

**Interest Paid Monthly After a Ninety (90) Day Interest Deferment Period**

**Redemption at Maturity - \$15,900 per Unit (includes deferred interest)**

---

ERC Compactors LLC, an Arizona Limited Liability Company (hereinafter referred to as the "COMPANY"), is offering by means of this Confidential Private Placement Memorandum a minimum of Six (6) and a maximum of One Hundred (100) secured Promissory Notes ("Notes") at an offering price of Fifteen Thousand (\$15,000) Dollars per Note, for a minimum of Ninety Thousand Dollars (\$90,000) and a maximum total of One Million Five Hundred Thousand Dollars (\$1,500,000) to qualified investors who meet the Investor Suitability Requirements set forth herein (see "INVESTOR SUITABILITY REQUIREMENTS"). Each Investor must agree to purchase the Notes, as a lender to the Company, for investment purposes only, and execute a Subscription Agreement in the form contained in the accompanying Subscription Booklet (see "TERMS OF THE OFFERING").

**THESE SECURITIES ARE SPECULATIVE AND INVESTMENT  
IN THE NOTES INVOLVES A DEGREE OF RISK  
(SEE "RISK FACTORS")**

	<b>Offering Price</b>	<b>Selling Commissions</b>	<b>Proceeds to Company</b>
<b>Per Unit</b>	\$15,000	\$1,500	\$13,500
<b>Minimum Units</b>	\$90,000	\$9,000	\$81,000
<b>Maximum Units</b>	\$1,500,000	\$150,000	\$1,350,000

**ERC Compactors LLC**

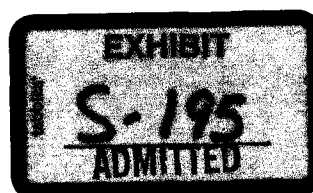
8800 E. Chaparral Road, Suite 270

Scottsdale, AZ 85250

Telephone: (480) 278-7031

Facsimile: (480) 278-8979

The date of this Private Placement Memorandum is August 8, 2011



ACC011987  
FILE #8337

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## **IMPORTANT NOTICES**

This Confidential Private Placement Offering Memorandum ("Memorandum") is submitted to you on a confidential basis solely for the purpose of evaluating the specific transaction described herein. This information shall not be photocopied, reproduced or distributed to others without the prior written consent of ERC Compactors LLC ("Company"). If the recipient determines not to purchase any of the Notes offered hereby, it will promptly return all material received in connection herewith without retaining any copies.

## **DISCLAIMERS**

THE NOTES OFFERED HEREBY IN THIS OFFERING MEMORANDUM HAVE NOT BEEN REGISTERED WITH, OR APPROVED, BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, NOR HAVE SUCH NOTES OR THIS MEMORANDUM BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL OF ANY STATE OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE. THIS OFFERING IS BASED ON THE EXEMPTION FROM SUCH REGISTRATION AS SET FORTH IN §4(2) AND RULE 506 OF REGULATION D OF THE SECURITIES ACT OF 1933, AS AMENDED.

THE INVESTMENT DESCRIBED IN THIS MEMORANDUM INVOLVES RISKS, AND IS OFFERED ONLY TO INDIVIDUALS WHO CAN AFFORD TO ASSUME SUCH RISK FOR AN INDEFINITE PERIOD OF TIME AND WHO AGREE TO PURCHASE THE NOTES ONLY FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TOWARD THE TRANSFER, RESALE, EXCHANGE OR FURTHER DISTRIBUTION THEREOF. THERE WILL BE NO PUBLIC MARKET FOR THE NOTES ISSUED PURSUANT TO THIS OFFERING MEMORANDUM. THE RESALE OF THE NOTES ARE LIMITED BY FEDERAL AND STATE SECURITIES LAWS AND IT IS THEREFORE RECOMMENDED THAT EACH POTENTIAL INVESTOR SEEK COUNSEL SHOULD THEY DESIRE MORE INFORMATION.

THE PRICE OF THE NOTES AS DESCRIBED IN THIS OFFERING MEMORANDUM HAS BEEN ARBITRARILY DETERMINED BY THE SPONSORS OF THIS INVESTMENT, AND EACH PROSPECTIVE INVESTOR SHOULD MAKE AN



INDEPENDENT EVALUATION OF THE FAIRNESS OF SUCH PRICE UNDER ALL THE CIRCUMSTANCES AS DESCRIBED IN THE ATTACHED OFFERING MEMORANDUM.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION IN CONNECTION WITH THIS MEMORANDUM, EXCEPT SUCH INFORMATION AS IS CONTAINED OR REFERENCED IN THIS MEMORANDUM. ONLY INFORMATION OR REPRESENTATIONS CONTAINED OR REFERENCED HEREIN MAY BE RELIED UPON AS HAVING BEEN MADE BY THE COMPANY. PROSPECTIVE INVESTORS WHO HAVE QUESTIONS CONCERNING THE TERMS AND CONDITIONS OF THIS PRIVATE OFFERING MEMORANDUM OR WHO DESIRE ADDITIONAL INFORMATION OR DOCUMENTATION TO VERIFY THE INFORMATION CONTAINED HEREIN SHOULD CONTACT THE COMPANY. PROJECTIONS OR FORECASTS CONTAINED IN THIS PRIVATE OFFERING MEMORANDUM, OR OTHER MATERIALS, MUST BE VIEWED ONLY AS ESTIMATES. ALTHOUGH ANY PROJECTIONS CONTAINED IN THIS MEMORANDUM ARE BASED UPON ASSUMPTIONS WHICH THE COMPANY BELIEVES TO BE REASONABLE, THE ACTUAL PERFORMANCE OF THE COMPANY MAY DEPEND UPON FACTORS BEYOND THE CONTROL OF THE COMPANY. NO ASSURANCE CAN BE GIVEN THAT THE COMPANY'S ACTUAL PERFORMANCE WILL MATCH ITS INTENDED RESULTS.

## **1. SUMMARY OF THE OFFERING**

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY MORE DETAILED INFORMATION THAT MAY APPEAR ELSEWHERE IN THIS PRIVATE PLACEMENT MEMORANDUM. EACH PROSPECTIVE INVESTOR IS URGED TO READ THIS PRIVATE OFFERING MEMORANDUM IN ITS ENTIRETY.

ERC Compactors LLC (the "Company") was formed on August 3, 2011 as an Arizona Limited Liability Company. The Company is in the business of cardboard recycling on site at commercial properties.

The Securities offered are One Hundred (100) Notes issued by the Company at Fifteen Thousand (\$15,000) Dollars per Note, payable in cash at the time of subscription (see "Exhibit B" for copy of Promissory Note). The minimum purchase is one (1) Note. The Notes have an annual rate of return of Twenty-Four (24%) percent simple interest with a maturity date of Twenty-Four (24) months from the Commencement Date of each Note.

Principal and Interest shall be paid as follows:

Principal: Principal shall be paid at maturity. The maturity date is Twenty-Four (24) months from the Commencement Date of each Note.

Interest: Since there is a delivery period of approximately Ninety (90) days between the equipment purchase date and equipment delivery date, the first Ninety (90) days of interest will be deferred. The deferred interest (\$300 per month or \$900 for 90 days) will be added onto the note's principal amount of \$15,000. The new principal balance of the Note on the Ninety-First (91st) day after the Commencement Date will be Fifteen Thousand Nine Hundred (\$15,900) dollars. Interest will be calculated on the combined amount of Fifteen Thousand Nine Hundred (\$15,900) and will be paid monthly commencing in the Fourth (4<sup>th</sup>) month.

The notes will be secured by the equipment/compactors purchased.

None of the Notes are convertible to Membership Units, or other type of equity, in the Company. The Principal may be prepaid, at the sole discretion of the Company, without a prepayment penalty. This offering will commence on August 8, 2011, and will terminate no later than August 7, 2012, unless extended by the Company (see "TERMS OF THE OFFERING").

The gross proceeds of the offering will be a minimum of Ninety Thousand (\$90,000) Dollars and a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars. The use of the proceeds is to purchase compactor equipment to be installed at commercial locations (see "USE OF PROCEEDS").

## **2. THE COMPANY**

ERC Compactors LLC (the "Company") was formed in August 3, 2011, as an Arizona Limited Liability Company. At the date of this offering, One Thousand (1,000) of the Company's Membership Units were authorized, issued and outstanding. The Company is in the business of recycling.

## **2.1 OPERATIONS**

ERC Compactors LLC is a new division of ERC which acquired C&D Construction Services Corporation. C&D Construction Services has been in recycling business for over ten years.

While ERC Compactors LLC is a new divisional venture and has yet to commence operations, it is in the same business and augments the company's recycling business. ERC Compactors LLC will supply a new source of commodities from new accounts such as strip malls.

For a complete discussion on the company's philosophy and operations, please see "Exhibit D - it's business plan".

## **2.2 BUSINESS PLAN**

ERC of Nevada LLC's business plan, included as Exhibit D of this Memorandum, was prepared by the Company using assumptions set forth in the Business Plan, including several forward looking statements. Each prospective investor should carefully review the business plan before purchasing Notes. Management makes no representations as to the accuracy or achievability of the underlying assumptions and projected results contained herein.

## **3. MANAGEMENT**

### **3.1 LLC MANAGERS**

The success of the company is dependent upon the services and expertise of existing management. At the present time, the following individuals are actively involved in the management of the Company:

#### **Jason Todd Mogler - President and Principal**

Jason Todd Mogler, partner of Tri-Core Companies, has twenty plus years of marketing experience in both domestic and international markets.

An Arizonan native, his family has been in the construction business since 1940 his grandfather Roger Krants was a general contractor who completed several major commercial and residential ventures. You could say that development is in Jason's blood since blood.

Jason's practical work experience include the position of Director of Construction Lending for Republic Mortgage, and the Director of Construction Lending for the prestigious Royal Bank of Canada, his extensive work experience gives him thorough knowledge of construction lending and banking operations.

Mr. Mogler has an impressive academic resume at Arizona State University where he holds a Bachelor of Science degree with a major in marketing and a minor in psychology. His master studies with Thunderbird American Graduate School of International Management give him an international understanding of business strategies and marketing position.

Jason has also been celebrated for his philanthropy with numerous organizations both in Arizona and throughout the country. Mr. Mogler has a very long reputation for honest business practices and fair dealings with all people both personally and professionally.

**Peter A. Salazar: Chief Executive Officer:**

Bachelor in Environmental Science - 2000

2000 - Founder of C&D Construction Services Inc - Construction Clean Up Company

2001- Co-Founder with Brother Luis Salazar of Starwood Lumber Products - Dimensional Lumber Products

2002 - Expanded C&D Construction Services Inc - Roll Off Division

2003 - Founder of Liberty Salvage Materials - Recycling Division of C&D Construction Services Inc.

2008 - 2010 - Nevada Recyclers Association - President

2009 - Liberty Salvage Materials - Environmental Business Journal - Achievement Award

**Jim Hinkeldey - Vice President and Principal**

*Jim Hinkeldey possesses thirty-five years of banking and financial experience including portfolio management, joint venture management, and all aspects of the mortgage banking profession for select regional New York banks.*

Mr. Hinkeldey spearheaded the Joint Venture division at Richmond Hill Savings Bank in New York. He was responsible for land acquisition through project conclusion which included the delivery of completed developments in a timely and cost efficient, profitable manner.

Mr. Hinkeldey also managed a mortgage backed portfolio. He successfully rearranged the structure of the portfolio to meet asset/liability re-pricing demands. His concept creation resulted in a portfolio that meet re-pricing sensitivity models while delivering positive bottom line results.

Mr. Hinkeldey's business philosophy is based on total enterprise engagement, accountability, and the deliverability of profitable projects. Mr. Hinkeldey's philosophy is that the client and his investment or requirements come first and are paramount to each success.

## **4. TERMS OF THE OFFERING**

### **4.1 GENERAL TERMS OF THE OFFERING**

This Private Offering Memorandum is offering a minimum of Six (6) and a maximum of One Hundred (100) Notes at Fifteen Thousand (\$15,000) Dollars per Note, for a minimum of Ninety Thousand (\$90,000) Dollars and a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars to a select group of Investors who satisfy the Investor Suitability Requirements (see "INVESTOR SUITABILITY REQUIREMENTS"). The Company has the authority to sell fractional Notes at its sole discretion. The Company has set a minimum offering proceeds figure of \$90,000 (the "minimum offering proceeds") for this Offering.

### **4.2 MINIMUM OFFERING AMOUNT - HOLDING ACCOUNT**

The Company has established an Investment Holding Account with Wells Fargo Bank, into which the minimum offering proceeds will be placed. At least Six (6) Notes must be sold for \$90,000 before such proceeds will be released from the holding account and utilized by the Company. After the minimum number of Notes is sold, all subsequent proceeds from the sale of Notes will be delivered directly to the Company.

### **4.3 NONTRANSFERABILITY OF NOTES**

The Notes have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), and are being offered in reliance upon an exemption under §4(2) and Rule 506 of Regulation D of the Securities Act, as amended, and rules and regulations hereunder. The Notes have not been registered under the securities laws of any state and will be offered pursuant to an exemption from registration in each state. A purchaser may transfer or dispose of the Note only if such Notes are subsequently registered under the Securities Act, or if an exemption from registration is available, and pursuant to an opinion of counsel acceptable to the Company and its counsel to the effect that the Notes may be transferred without violation of the registration requirements of the Securities Act or any other securities laws.

### **4.4 CLOSING OF THE OFFERING**

The Notes are offered and closed only when a properly completed Subscription Agreement (Exhibit A); Note (Exhibit B), and Investor Questionnaire (Exhibit C) are submitted by the investing Subscriber or his/her Investor Representatives and are received and accepted by the Company. The Subscription Agreement as submitted by an investing Subscriber or his/her Investor Representatives shall be binding once the Company signs the Subscription Agreement, Note and the funds delivered by the potential Investor to the Company with the Subscription Agreement has been cleared by the financial institution in which they are deposited by the Company. The Notes will be delivered to qualified Investors upon acceptance of their subscriptions. All funds collected from investing Subscribers will be deposited in a designated account under the control of the Company. Investors subscribing to the Notes may not withdraw or revoke their subscriptions at any

time prior to acceptance by the Company, except as provided by certain state laws, or if more than Twenty (20) days have passed after receipt of the Subscription Agreement by the Company without the Company accepting the Investor's funds and delivering all applicable documents to such Investor. The proceeds of this Offering will be used only for the purpose set forth in this Private Offering Memorandum (see "USE OF PROCEEDS").

The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon reaching the minimum offering amount of Ninety Thousand (\$90,000) Dollars.
2. Upon receipt of the maximum Offering subscription amount of One Million Five Hundred Thousand (\$1,500,000) Dollars.
3. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding Twenty (20) days thereafter to which the Company, in its sole discretion, may extend this Offering.

## **5. PLAN OF DISTRIBUTION**

### **5.1 OFFERING OF NOTES**

The Notes will be offered to prospective lenders by Officers and Directors of the Company and qualified licensed personnel, pursuant to State and Federal security rules and regulations. This Offering is made solely through this Private Placement Memorandum and without any form of general solicitation or advertising. The Company and its Officers and Directors or other authorized personnel will use their best efforts during the Offering period to find eligible Investors who desire to subscribe to the Notes in the Company. These Notes are offered on a "best efforts" basis, and there is no assurance that any or all of the Notes will be closed. The Company has the authorization to offer fractional Notes at its sole discretion. The Offering period will begin as of the date of this private Offering Memorandum and will close upon the happening of such occurrences as defined herein (see "TERMS OF THE OFFERING").

### **5.2 PAYMENTS TO BROKER DEALERS OR INVESTMENT ADVISORS**

The Company has the power to pay fees or commissions to qualified Broker Dealers, Registered Investment Advisors or any other person qualified under other applicable federal and state security laws.

## **6. DESCRIPTION OF NOTES**

### **6.1 NOTES**

The Company is offering One Hundred (100) Notes of the Company to potential investors at Fifteen Thousand (\$15,000) Dollars per Note, payable in cash at the time of the subscription. The minimum purchase is one (1) note. The Notes will have an annual rate of return of Twenty-Four (24%) percent simple interest over the term thereof, with a maturity date of Twenty-Four (24) months from the Commencement Date of each Note.

Principal and Interest shall be paid as follows:

Principal: Principal shall be paid at maturity. The maturity date is Twenty-Four (24) months from the Commencement Date of each Note.

Interest: Since there is a delivery period of approximately Ninety (90) days between the equipment purchase date and equipment delivery date, the first Ninety (90) days of interest will be deferred. The deferred interest (\$300 per month or \$900 for 90 days) will be added onto the note's principal amount of \$15,000. The new principal balance of the Note on the Ninety-First (91) day after the Commencement Date will be Fifteen Thousand Nine Hundred (\$15,900) dollars. Interest will be calculated on the combined amount of Fifteen Thousand Nine Hundred (\$15,900) dollars and will be paid monthly commencing in the Fourth (4<sup>th</sup>) month.

The notes will be secured by the equipment/compactors purchased.

The principal and any interest due on said principal may be prepaid at the sole discretion of the Company, without a prepayment penalty.

The Notes will be issued in the form attached hereto and incorporated herein by reference as though set forth in full herein as **Exhibit B**.

### **6.2 SECURITY FOR PAYMENT OF THE NOTES**

The Notes being offered by the Company in this Private Placement Offering will be secured by the equipment/compactors purchased.

### **6.3 REPORTS TO NOTEHOLDERS**

The Company will furnish annual unaudited reports to its Note holders ninety (90) days after its fiscal year. The Company may issue other interim reports to its Note holders as it deems appropriate. The Company's fiscal year ends on December 31<sup>st</sup> of each year.

## **7. USE OF PROCEEDS**

The gross proceeds of the Offering will be a minimum of Ninety Thousand (\$90,000) Dollars and a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars. The table below sets forth the use of proceeds for both the maximum and minimum offering amounts.

### Sources

	Maximum Amount	Percent of Proceeds	Minimum Amount	Percent of Proceeds
Proceeds From Sale of Notes	\$1,500,000	100%	\$90,000	100%

### Application of Proceeds

Offering Expenses (1)	\$ 5,000	0.33%	\$ 5,000	5.56%
Commissions (2)	\$ 150,000	10.00%	\$ 9,000	10.000%
Total Offering Expenses & Fees	\$ 155,000	10.33%	\$ 14,000	15.56%
Net Offering Proceeds (3)	\$ 1,345,000	89.67%	\$ 76,000	84.44%
Total Application of Proceeds	\$ 1,500,000	100%	\$ 90,000	100%

### Footnotes:

(1) Includes estimated memorandum preparation, filing, printing, legal, accounting and other fees and expenses related to the Offering

(2) This Offering is being sold by the officers and directors of the Company, who will not receive any compensation for their efforts. No sales fees or commissions will be paid to such officers or directors. Notes may be sold by registered brokers or dealers who are members of the NASD and who enter into a Participating Dealer Agreement with the Company. Such brokers or dealers may receive commissions up to ten percent (10%) of the price of the Notes sold.

(3) Net offering proceeds available for the purchase of compactors/equipment.

## 8. CAPITALIZATION STATEMENT

### 8.1 CAPITALIZATION PRIOR TO AND AFTER THE OFFERING

The following table summarizes the capitalization of the Company prior to, and as adjusted to reflect, the issuance and sale of the maximum of One Hundred (100) Notes or One Million Five Hundred Thousand (\$1,500,000) Dollars.



	AS ADJUSTED 08/03/2011	AFTER THE OFFERING
Notes	<u>-0-</u>	<u>\$1,500,000</u>
Membership Units \$.10 par value, 1,000 Units authorized, 1000 Units issued and outstanding	\$100	\$100
Net Members Equity	\$100	\$100
TOTAL CAPITALIZATION	<u>\$100</u>	<u>\$1,500,100</u>

## **9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

### **9.1 RESULTS OF OPERATIONS**

The Company has yet to commence compactor operations.

### **9.2 LIQUIDITY AND CAPITAL RESOURCES**

The Company's liquidity and capital resources are dependent on its ability to raise sufficient capital to pay for the purchase price of the Promissory Notes.

## **10. CERTAIN TRANSACTIONS**

### **10.1 ARIZONA LIMITED LIABILITY CORPORATION**

ERC Compactors LLC is a privately held Arizona Limited Liability Company, formed on August 3, 2011.

### **10.2 PRIVATE OFFERING OF NOTES**

The Company is authorized to offer in this private offering, up to One Million Five Hundred Thousand (\$1,500,000) Dollars of Notes to selected investors, effective on August 8, 2011.

## **11. FIDUCIARY RESPONSIBILITIES OF THE DIRECTORS AND OFFICERS OF THE COMPANY**

### **11.1 GENERAL**

The Officers and Directors of the Company are accountable to the Company as fiduciaries and such Officers and Directors are required to exercise good faith and integrity in managing the Company's affairs and policies. Each Note holder of the Company, or their duly authorized representative, may inspect the books and records of the Company at any time during normal business hours. A Note holder may be able to bring an action on behalf of himself in the event the Note holder has suffered losses in connection with the purchase or sale of the Note(s) in the Company, due to a breach of fiduciary duty by an Officer or Director of the Company, in connection with such sale or purchase, including the misrepresentation or misapplication by any such Officer or Director of the proceeds from the sale of these Notes, and may be able to recover such losses from the Company.

### **11.2 INDEMNIFICATION**

Indemnification is permitted by the Company to directors, officers or controlling persons pursuant to Arizona law. Indemnification includes expenses, such as attorneys' fees and, in certain circumstances, judgments, fines and settlement amounts actually paid or incurred in connection with actual or threatened actions, suits or proceedings involving such person and arising from their relationship with the Company, except in certain circumstances where a person is adjudged to be guilty of gross negligence or willful misconduct, unless a court of competent jurisdiction determines that such indemnification is fair and reasonable under the circumstances.

## **12. RISK FACTORS**

THIS INVESTMENT INVOLVES A DEGREE OF RISK. AN INDIVIDUAL CONTEMPLATING INVESTMENT IN THIS OFFERING SHOULD GIVE CAREFUL CONSIDERATION TO THE ELEMENTS OF THE RISK SUMMARIZED BELOW, AS WELL AS THE OTHER RISK FACTORS IDENTIFIED ELSEWHERE IN THIS PRIVATE OFFERING MEMORANDUM.

### **12.1 FORMATION OF THE COMPANY**

The Company was formed on August 3, 2011. It is therefore subject to all the risks inherent in the creation of a new Company. Unforeseen expenses, complications and delays may occur with a new Company.

## **12.2 CONTROL BY COMPANY**

After completion of this offering, the Company will own one hundred percent (100%) of the issued and outstanding Membership Units. Such ownership will enable the Company to continue to elect all the Managers and to control the Company's policies and affairs. The Note holders will not have any voting rights in the Company.

## **12.3 RELIANCE ON THE COMPANY FOR MANAGEMENT**

All decisions with respect to the management of the Company will be made exclusively by the Managers of the LLC. The Note holders do not have the right or power to take part in the management of the Company. Accordingly, no person should purchase a Note unless he is willing to entrust all aspects of the management of the Company to existing Management.

## **12.4 LIMITED TRANSFERABILITY OF THE NOTES**

The transferability of the Notes in this offering are limited, and potential investors should recognize the nature of their investment in the offering. It is not expected that there will be a public market for the Notes because there will be only a limited number of investors and restrictions of the transferability of Notes. The Notes have not been registered under the Securities Act of 1933, as amended, or qualified or registered under the securities laws of any state and, therefore, the Notes cannot be resold unless they are subsequently so registered or qualified or an exemption from such registration is available. The offering also contains restrictions on the transferability of the Notes. Accordingly, purchasers of Notes will be required to hold such Notes to maturity unless otherwise approved by the Company. The Company does not intend to register the Notes under the Securities Act of 1933.

## **12.5 CAPITALIZATION OF THE COMPANY**

Prior to this offering, the Company was funded by its principals. Independent of the amounts raised in this offering, presently the Company does not have any other assets available to use to pay principal or interest on the Notes.

## **12.6 REGULATIONS**

The Company is subject to various federal and state laws, rules and regulations. The Company believes it is in full compliance with any and all applicable laws, rules and regulations.

## **12.7 U.S. ECONOMY**

The Company is subject to the U.S. Economy and its effect on consumer confidence and spending.

## **12.8 FORCE MAJEURE**

Neither party shall be liable in damages or have the right to terminate this Agreement for any delay or default in performing hereunder if such delay or default is caused by conditions beyond its control including, but not limited to Acts of God, Government restrictions (including the denial or cancellation of any export or other necessary license), wars, insurrections and/or any other cause beyond the reasonable control of the party whose performance is affected.

## **13. PRINCIPAL SHAREHOLDERS**

As of the date of this Offering, the Company has One Thousand (1,000) Membership Units issued and outstanding to Jason Todd Mogler and James Hinkeldey.

## **14. HOW TO INVEST**

An Investor who meets the qualifications as set forth in this Private Offering Memorandum may subscribe for at least the minimum purchase herein of One (1) Note (Fifteen Thousand (\$15,000) Dollars) by carefully reading this entire Private Offering Memorandum and by then completing and signing a separately bound booklet. This booklet contains identical copies of the following exhibits contained in the Private Offering Memorandum, including:

- Exhibit A     **INSTRUCTIONS TO SUBSCRIBERS and SUBSCRIPTION AGREEMENT:** This contains complete instructions to Subscribers and should be read in its entirety by the prospective investor prior to investing. The Subscription Agreement must be signed by the Investor.
- Exhibit B     **PROMISSORY NOTE:** This Note will be signed by ERC Compactors LLC.
- Exhibit C     **INVESTOR QUESTIONNAIRE:** This questionnaire requires a Subscriber to complete a financial history in order to aid the Company in the determination of the suitability of the Subscriber as a potential Investor. This questionnaire must be signed by the Investor.
- Exhibit D     **ERC Nevada LLC Business Plan**

Copies of all the above referenced documents are included with this Private Placement Memorandum. For discussion of the actions of the Company upon receipt of a properly completed request to invest by a Subscriber, please see **"TERMS OF THE OFFERING."** Such Investor should include his check made payable to ERC

COMPACTORS LLC, along with the SUBSCRIPTION AGREEMENT, NOTE, AND INVESTOR QUESTIONNAIRE. Delivery of the documents referred to above, together with a check to the Company should be addressed to the Company as follows: ERC Compactors LLC, 8800 E. Chaparral Road., Suite 270, Scottsdale, AZ 85250.

## **15. INVESTOR SUITABILITY REQUIREMENTS**

### **15.1 INTRODUCTION**

Potential Investors should have experience in making investment decisions or such Investors should rely on their own tax consultants or other qualified investment advisors in making this investment decision.

### **15.2 GENERAL SUITABILITY**

Each potential Investor will be required to represent the following by execution of a Subscription Agreement:

1. The Investor has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in this Offering.
2. The Investor has the ability to bear the economic risk of this investment, has adequate means to provide for his, her or its current needs and personal contingencies, has no need for liquidity in this investment and could afford the complete loss of the investment.
3. The Investor is acquiring the Note(s) for his, her or its own account for investment purposes only and not with a view toward subdivision, resale, distribution or fractionalization thereof, or for the account of others, and has no present intention of selling or granting any participation in, or otherwise distributing, the Note(s).
4. The Investor's overall commitment to invest in the Note(s) is not disproportionate to his, her or its net worth and the investment in these Note(s) will not cause such overall commitment to become excessive.
5. The Investor has read and understands this Private Placement Memorandum and all its exhibits.

### **15.3 NONACCREDITED INVESTORS**

Up to and including thirty-five (35) investing Subscribers may be accepted by the Company as suitable Investors if each such Subscriber has a net worth sufficient to

bear the risk of losing his entire investment and meets the above "General Suitability Standards."

#### **15.4 ACCREDITED INVESTORS**

In addition to satisfying the "General Standards" as defined above, all but thirty-five (35) Subscribers for Shares must each satisfy one of the "Accredited Investors" economic suitability standards as defined below:

1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds Five Hundred Thousand (\$500,000) Dollars;

2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of One Hundred Thousand (\$100,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;

3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

4. Any private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940);

5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;

6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

8. Any entity in which all of the equity owners are Accredited Investors.

NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.

#### **15.5 ACCEPTANCE OF SUBSCRIPTION AGREEMENT BY THE COMPANY**

The Investor Suitability Requirements referred to in this section represent minimum requirements for potential Investors. Satisfaction of these standards does not necessarily mean that participation in this Offering constitutes a suitable investment for such a potential Investor or that the potential Investors' Subscription will be accepted by the Company. The Company may, in fact, modify such requirements as circumstances dictate. All Subscription Agreements submitted by potential Investors will be carefully reviewed by the Company to determine the suitability of the potential Investor in this Offering. The Company may, in its sole discretion, refuse a Subscription in this Offering to any potential Investor who does not meet the applicable Investor Suitability Requirements or who otherwise appears to be an unsuitable Investor in this Offering. The Company will not necessarily review or accept a Subscription Agreement in the sequential order in which it is received. The Company also has the discretion to maximize the number of Accredited Investors in this Offering and, as a result, may accept less than thirty-five (35) Non-accredited Investors in this Offering.

#### **16. LITIGATION**

The Company and its Managers have no lawsuits pending, no legal actions pending or judgments entered against the Company or Managers and, to the best knowledge of the Company, no legal actions are contemplated against the Company and/or its Managers.

#### **17. ADDITIONAL INFORMATION**

Reference materials described in this Private Offering Memorandum are available for inspection at the office of the company during normal business hours. It is the intention of the Company that all potential Investors are given full access to such information for their consideration in determining whether to purchase the Notes being offered. Prospective Investors should contact the Company for access to information regarding the matters set

forth or other information concerning the Company. Representatives of the Company will also answer all inquiries from potential investors concerning the Company and any matters relating to its proposed operations or present activities. The Company will afford potential investors and their representatives the opportunity to obtain any additional information reasonably necessary to verify the accuracy or the source of any representations or information contained in this Private Offering Memorandum. All contracts entered into by the Company are subject to modifications and the Company may make any changes in any such contracts as deemed appropriate in its best discretion. Such recent amendments may not be circulated to subscribers prior to the time of closing this offering. However, potential investors and their representatives may review such material or make inquiry of the Company concerning any of these and any other matters of interest.

## **18. FORECASTS OF FUTURE OPERATING RESULTS**

Any forecasts and proforma financial information which may be furnished by the Company to prospective investors or which are part of the Company's business plan, are for illustrative purposes only and are based upon assumptions made by Management regarding hypothetical future events. There is no assurance that actual events will correspond with the assumptions or that factors beyond the control of the Company will not affect the assumptions and adversely affect the illustrative value and conclusions of any forecasts.

## **19. GLOSSARY OF TERMS**

The following terms used in this Memorandum shall (unless the context otherwise requires) have the following respective meanings:

**ACCEPTANCE.** The acceptance by the Company of a prospective investor's subscription.

**ACCREDITED INVESTORS.** Those investors who meet the criteria set forth in "INVESTOR SUITABILITY REQUIREMENTS."

**BROKER-DEALER.** A person or firm licensed with the NASD, the SEC and with the securities or corporate commissions department of the state in which it sells investment securities and who may employ licensed agents for that purpose.

**COMPANY.** Refers to ERC COMPACTORS LLC, an Arizona Limited Liability Company.

**NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. (NASD).** A self-regulating body which licenses brokers and dealers handling securities offerings, reviews the terms of an offering's underwriting arrangements and



advertising literature and, while not a governmental agency, acts as a review service watchdog to make sure that its regulations and those of the SEC are followed for the Investor's protection in offerings of securities.

**NOTES.** A Fifteen Thousand (\$15,000) Dollar investment consisting of one (1) Promissory Note issued by **ERC COMPACTORS LLC**, an Arizona Limited Liability Company.

**SECURITIES ACT OF 1933.** A federal act regulated and enforced by the SEC that requires, among other things, the registration and use of a prospectus whenever a security is sold (unless the security or the manner of the Offering is expressly exempt from such registration process).

**SECURITIES EXCHANGE ACT OF 1934.** A federal act regulated and enforced by the SEC which supplements the Securities Act of 1933 and contains requirements which were designed to protect investors and to regulate the trading (secondary market) of securities. Such regulations require, among other things, the use of prescribed proxy statements when investors' votes are solicited; the disclosure of management and large shareholders' holding of securities; controls on the resale of such securities; and periodic (monthly, quarterly, annually) filing with the SEC of financial and disclosure reports of the Issuer.

**SECURITIES AND EXCHANGE COMMISSION (SEC).** An independent United States government regulatory and enforcement agency which supervises investment trading activities and registers companies and those securities which fall under its jurisdiction. The SEC also administers statutes to enforce disclosure requirements that were designed to protect investors in securities offerings.

**SUBSCRIPTION DOCUMENTS.** Consists of the Note, Subscription Agreement, Investor Questionnaire and a check as payment for the Note(s) to be purchased submitted by each prospective Investor to the Company.

**TERMINATION DATE.** The earlier to occur of the date on which all Notes are sold or August 7, 2012.

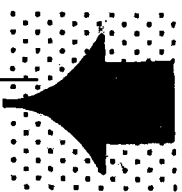
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**20. ACKNOWLEDGMENT**

By signing below, the undersigned acknowledges that he/she has read and understood this entire Private Placement Memorandum.

Mark Sherman  
Signature

8/22/2011  
Date



Mark Sherman  
Print Name

**EXHIBIT A**  
**SUBSCRIPTION AGREEMENT**

Print Name of Subscriber: Mark Sherman

Amount Loaned: \$35,000.00

Number of Notes: 2.3

**ERC COMPACTORS LLC**  
**SUBSCRIPTION DOCUMENTS**

**OFFERING OF A MINIMUM OF SIX (6)  
AND A  
MAXIMUM OF ONE HUNDRED (100)  
SECURED PROMISSORY NOTES  
FIFTEEN THOUSAND (\$15,000) DOLLARS PER NOTE**

**AUGUST 8, 2011**

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**SUBSCRIPTION INSTRUCTIONS**  
**(please read carefully)**

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Each subscriber for the secured Promissory Notes, Fifteen Thousand (\$15,000) Dollars per Note (the "Notes") of ERC Compactors LLC, an Arizona Limited Liability Company ("the Company"), must complete and execute the Subscription Documents in accordance with the instructions set forth below. The completed documents should be sent to ERC Compactors LLC, 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250.

**Payment for the Securities should be made by check payable to the Company and enclosed with the documents as directed in Section III below.**

- I. These Subscription Documents contain all of the materials necessary for you to purchase the Notes. This material is arranged in the following order:
  - Subscription Agreement
  - Promissory Note
  - Confidential Prospective Purchaser's Questionnaire
- II. All investors must complete in detail, date, initial, and sign the Subscription Documents where appropriate. All applicable sections must be filled in.
- III. Payment for the Notes must be made by check as provided below:

Please make your check payable, in the appropriate amount, for the number of Notes purchased (at Fifteen Thousand (\$15,000) per Note), to "ERC Compactors LLC". Your check should be enclosed with your signed subscription documents.

All funds received from subscribers will be placed in a segregated Holding Account of the Company. Once the minimum offering amount has been reached the funds will be transferred to the Company's operating account and will be available for use.

#### **IV SPECIAL INSTRUCTIONS**

**FOR CORPORATIONS.** Include copy of Board resolution designating the corporate officer authorized to sign on behalf of the corporation, a Board resolution authorizing the investment, and financial statements.

**FOR PARTNERSHIPS.** Provide a complete copy of the partnership agreement, questionnaire, and financial statements for each General Partner.

**FOR TRUSTS.** Provide a complete copy of the instruments or agreements creating the trust, as amended to date.

Print Name of Subscriber: Mark Sherman

Amount Loaned: \$35,000.00

Number of Notes: 2.3

### Subscription Agreement

To: ERC Compactors LLC  
8800 E. Chaparral Road  
Suite 270  
Scottsdale, AZ 85250

Gentlemen:

1. **Subscription.** The undersigned hereby subscribes for 2.3 Notes of ERC Compactors LLC (the "Company"), an Arizona Limited Liability Company, and agrees to loan to the Company Fifteen Thousand (\$15,000) Dollars per Note for an aggregate loan of \$35,000.00 (the "Loan Amount") upon the terms and subject to the conditions (a) set forth herein, and (b) described in the Confidential Private Placement Memorandum ("Private Placement Memorandum") dated August 8, 2011 together with all exhibits thereto and materials included therewith, and all supplements, if any, related to this offering. The minimum loan is Fifteen Thousand (\$15,000) Dollars, but the Company has the discretion to offer fractional Notes for loans less than the minimum.

2. **Note Offering.** The Company is offering a minimum of Six (6) and up to a maximum of One Hundred (100) Notes at Fifteen Thousand (\$15,000) Dollars per Note, with a minimum subscription of one (1) Note (the "Offering"). The minimum aggregate loan to the Company will be Ninety Thousand (\$90,000) Dollars and the maximum aggregate loan to the Company from this Offering will be One Million Five Hundred Thousand (\$1,500,000) Dollars. The Offering is being made to a limited number of investors pursuant to an exemption available under the Securities Act of 1933 (the "Act"), specifically Rule 506 promulgated under Regulation D, and under certain other laws, including the securities law of certain states.

3. **Documents to be Delivered.** The undersigned is delivering to the Company executed copies of this Subscription Agreement (the "Agreement"), the Note(s), Offeree Questionnaire, and all other applicable exhibits and documents (the "Subscription Documents"). The Subscription Documents should be delivered to ERC Compactors LLC, at 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250. The undersigned understands and agrees that he or it will not become a "Holder" of the Note(s) and the Company shall not become a "Maker" of the Note(s) unless and until the Agreement and Note(s) are executed by the Company.

**4. Making of Loan Amount.** The undersigned, simultaneously with the delivery of the Subscription Documents to the Company, hereby tenders to the Company the Loan Amount by check made payable to the order of ERC Compactors LLC in the amount indicated above.

**5. Acceptance or Rejection of Subscription.** The undersigned understands and agrees that the Company reserves the right, exercisable in its sole discretion, to accept or reject any subscription, in whole or in part, for any reason and that the undersigned will be notified by the Company as promptly as practicable as to whether his or its subscription has been accepted or rejected. If the undersigned's subscription is accepted, in whole or in part, by the Company, the Company will execute this Agreement and the Note(s) and return them to the undersigned. If this subscription is rejected by the Company, either in whole or in part, all funds, in the case of a rejection of the subscription in whole, or those funds representing the amount of the subscription not accepted by the Company, in the case of a rejection of the subscription in part, will be returned to the undersigned as promptly as practicable. If this subscription is rejected in whole by the Company, this Agreement shall be null, void and of no effect. The undersigned does not have the right to withdraw or revoke his or its subscription during the Offering period, except as provided by certain state laws, except that if more than Twenty (20) days shall have passed from the date the Company received completed and executed Subscription Documents and the Loan Amount from the undersigned (the "Acceptance Period"), and the Company has not accepted the subscription during the Acceptance Period, the undersigned may withdraw his or its subscription at any time after the Acceptance Period up until such time that the Company subsequently decides, in its sole discretion, to accept the subscription in whole or in part.

**6. Offering Period.** The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon reaching the minimum offering amount of Ninety Thousand (\$90,000) Dollars.

2. Upon receipt of the maximum Offering subscription amount of One Million Five Hundred Thousand (\$1,500,000) Dollars.

3. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding Twenty (20) days thereafter to which the Company, in its sole discretion, may extend this Offering.

**7. Closing of the Loan.** The Note(s) subscribed for herein shall not be deemed made by the Company or held by the undersigned until this Agreement and the Note(s) have been countersigned by the Company, and until the funds delivered by the undersigned to the Company with the Subscription Documents have been deposited in the Holding Account and have been cleared by the applicable bank of the Company (the

"Effective Date"). Upon the Effective Date, (a) the undersigned shall have loaned to the Company the Loan Amount, (b) the undersigned shall become the Holder and the Company shall become the Maker of the Note(s) subscribed for by the undersigned, and (c) both the undersigned and the Company shall be bound by the terms of the Private Placement Memorandum and the Subscription Documents and any other undertakings described herein.

## **8. Representations and Warranties.**

(a) The Company hereby represents and warrants as follows:

(i) The Company is a Limited Liability Company duly organized, validly existing and in good standing under the laws of the State of Arizona and has the requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted;

(ii) This Agreement constitutes the valid and binding obligation of the Company enforceable against the Company in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws from time to time in effect which affect creditor's rights generally and by legal and equitable limitations on the availability of specific performance and other equitable remedies under or by virtue of this Agreement). The Company has all requisite power and authority, corporate and other, to execute and deliver this Agreement and the Note(s) and to consummate the transactions contemplated hereby. All persons who have executed this Agreement and the Note(s) on behalf of the Company have been duly authorized to do so by all necessary corporate action. Neither the execution and delivery of this Agreement and the Note(s) nor the consummation of the transactions contemplated hereby will (A) violate any provision of the Certificate of Incorporation or Operating Agreement of the Company, as currently in effect; (B) violate any judgment, order, injunction, decree or award against, or binding upon, the Company or the securities, assets, properties, operations or business of the Company; or (C) violate any law or regulation applicable to the Company or to the securities, assets, properties, operations or business of the Company.

(b) In order to induce the Company to accept the subscription made hereby, the undersigned hereby represents and warrants to the Company as follows:

(i) The undersigned has received the Private Placement Memorandum and the Subscription Documents. The undersigned has read and understands the Private Placement Memorandum and Subscription Documents and the information contained in those documents concerning the Company and this Offering or has caused his or its representative to read and examine the Private Placement Memorandum and Subscription Documents. The undersigned has relied only on the information about the Company contained in these documents and his or its own independent investigation in making his or its subscription. The undersigned



understands that the Notes will be issued with the rights and subject to the conditions described in the Private Placement Memorandum and Subscription Documents;

(ii) The undersigned is familiar with the terms and conditions of the Offering and is aware that his or its investment involves a degree of risk and the undersigned has read the section in the Private Placement Memorandum titled "Risk Factors."

(iii) The undersigned hereby specifically accepts and adopts each and every provision of this Agreement and acknowledges and agrees with each and every provision of this Agreement and, upon acceptance by the Company of the subscription made hereby, agrees to be bound by such provisions.

(iv) The undersigned acknowledges and is aware that there is no assurance as to the future performance of the Company.

(v) The undersigned, if an individual (A) has reached the age of majority in the state in which he resides and (B) is a bona fide resident and domiciliary (not a temporary or transient resident) of the state set forth below his signature on the signature page hereof and has no present intention of becoming a resident of any other state or jurisdiction. The undersigned, if a partnership, corporation, limited liability company, trust or other entity, was organized or incorporated under the laws of the jurisdiction set forth below the signature made on its behalf on the signature page hereof and has no present intention of altering the jurisdiction of its organization, formation or incorporation.

(vi) The undersigned has the financial ability to bear the economic risk of an investment in the Offering, has adequate means of providing for his or its current needs and personal contingencies, has no need for liquidity in the Note(s) and could afford a complete loss of his or its investment in the Offering.

(vii) The undersigned represents and warrants to the Company that he or it comes within one of the categories of investors as defined in Exhibit 1 hereto *(please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity)*.

(viii) The undersigned has been given the opportunity to review the merits of an investment in the Offering with tax and legal counsel or with an investment advisor to the extent the undersigned deemed advisable.

(ix) The undersigned's overall commitment to invest in the Note(s), which are not readily marketable, is not disproportionate to his or its net worth and his or its investment in the Offering will not cause such overall commitment to become excessive.

(x) The undersigned has such knowledge and experience in financial and business matters that he or it is capable of evaluating the merits and risks of an investment in the Offering.

(xi) The undersigned has been given a full opportunity to ask questions of and to receive (A) answers from the Company and its Managers concerning the terms and conditions of this Offering and the business of the Company and (B) such other information as he or it desired in order to evaluate an investment in the Offering, and all such questions have been answered to the full satisfaction of the undersigned. No oral or written representations have been made or oral or written information furnished to the undersigned or the undersigned's advisors in connection with the Offering or interests that were in any way inconsistent with this Subscription Agreement. The undersigned is not participating in the Offering as a result of or subsequent to: (1) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television, radio or the internet or (2) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

(xii) If the undersigned is a corporation, limited liability company, partnership, trust or other entity, it is authorized and qualified to make this loan to the Company and the person signing this Agreement on behalf of such entity has been duly authorized by such entity to do so.

(xiii) If the undersigned is a corporation, limited liability company or partnership, the person signing this Agreement on its behalf hereby represents and warrants that the information contained in this Agreement completed by any shareholders of such corporation, members of such limited liability company or partners of such partnership is true and correct with respect to such shareholder, member or partner (and if any such shareholder is itself a corporation, limited liability company or partnership, with respect to all persons having an equity interest in such corporation, limited liability company or partnership, whether directly or indirectly) and that the person signing this Agreement has made due inquiry to determine the truthfulness and accuracy of the information contained in this Agreement.

(xiv) The purchase of the Note(s) by the undersigned has been duly authorized, and the execution, delivery and performance of this Agreement does not conflict with the undersigned's partnership agreement, certificate of incorporation, by-laws, articles of organization, operating agreement or any agreement to which the undersigned is a party and this Agreement is a valid and binding agreement enforceable against the undersigned in accordance with its terms.

(xv) The undersigned hereby represents that he or it is subscribing for the Notes as principal or as trustee, solely for the account of the undersigned, for investment purposes only and not with a view to, or for, subdivision, resale, distribution, or fractionalization thereof, in whole or in part, or for the account, in

whole or in part, of others, and, except as disclosed herein, no other person has a direct or indirect beneficial interest in the Note(s). The undersigned will hold the Note(s) as an investment and has no reason to anticipate any change in circumstances or other particular occasion or event, which would cause the undersigned to attempt to sell any of the Note(s).

(xvi) The undersigned acknowledges his or its understanding that (A) the Offering of the Note(s) by the Company has not been registered under the Act, as amended, or the securities laws of certain states in reliance on specific exemptions from registration, (B) the Confidential Memorandum and Subscription Documents have not been filed with or reviewed by the Securities and Exchange Commission or the securities department of any state and no securities administrator of any state or the federal government has recommended or endorsed this Offering or made any finding or determination relating to the fairness of an investment in the Company, and (C) the Offering of the Note(s) by the Company is intended to be exempt from registration pursuant to Section 4 (2) of the Act and the rules promulgated thereunder by the Securities and Exchange Commission, and that the undersigned's Note(s) cannot be sold, pledged, assigned or otherwise disposed of unless they are registered under the Act or an exemption from such registration is available.

(xvii) The undersigned represents and warrants that he or it will not transfer or convey all or part of his or its financial interest in the Note(s) unless such Note(s) are subsequently registered under the Act, or an exemption from such registration is available and without (A) the prior written consent of the Company and (B) an opinion of counsel acceptable to the Company and its counsel to the effect that the Note(s) may be transferred without violation of the registration requirements of the Act or any applicable state securities laws, as may be amended from time to time. The undersigned further acknowledges that there can be no assurance that the Company will file any registration statement for the Note(s) for which the undersigned is subscribing, that such registration statement, if filed, will be declared effective or, if declared effective, that the Company will be able to keep it effective until the undersigned sells the Note(s) registered thereon.

(xviii) The undersigned understands that this Agreement is subject to the Company's acceptance and may be rejected by the Company at any time in its sole discretion in whole or any part prior to issuance of the Note(s) with respect to the undersigned's subscription, notwithstanding prior receipt by the undersigned of notice of acceptance of the undersigned's subscription. The Company reserves the right to withdraw the Offering at any time.

(xix) The undersigned acknowledges that this Agreement shall become binding upon the undersigned when it is countersigned by the Company and the undersigned is not entitled to cancel, terminate, or revoke this subscription before or after acceptance by the Company, except as otherwise provided in this Agreement.

(xx) All information provided by the undersigned in the Investor Questionnaire and Investor Representative Questionnaire (if applicable) which accompanies this Agreement is true and accurate in all respects, and the undersigned acknowledges that the Company will be relying on such information to its possible detriment in deciding whether the Company can make these Note(s) to the undersigned without giving rise to the loss of an exemption from registration under the applicable securities laws.

**9. Foreign Person.** If the undersigned has indicated on the signature page of this Agreement that he, she or it is a foreign person, he, she or it agrees to notify the Company in writing within sixty (60) days of becoming a nonresident alien, foreign corporation, foreign partnership, foreign trust, foreign estate or other foreign entity, as the case may be.

**10. Indemnity.** The undersigned agrees to indemnify and hold harmless the Company, its managers, members, agents, attorneys and affiliates and each other person, if any, who controls any thereof, within the meaning of Section 15 of the Act, against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the undersigned to comply with any covenant or agreement made by the undersigned herein or in this Agreement or in any other document furnished by the undersigned to any of the foregoing in connection with this transaction.

**11. Notice.** All notices in connection with this Agreement shall be in writing and personally delivered or delivered via overnight mail, with written receipt therefor, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 11) with a copy, in the case of notice to the Company, to ERC Compactors LLC, at 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

**12. Miscellaneous.**

(a) This Agreement is not assignable by the undersigned. This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) This Agreement shall be deemed to have been made in the State of Arizona and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in State of Arizona. The parties hereto hereby consent to personal

jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Agreement.

(c) This Agreement contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Agreement shall be effective unless in writing and signed by both parties to this Agreement.

(d) No waiver of any breach of any terms of this Agreement shall be effective unless made in writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall be construed as a waiver of any subsequent breach of that term or of any other term of the same or different nature.

(e) If any provision or portion of this Agreement or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Agreement.

(f) Each of the parties hereto shall cooperate and take such actions, and execute such other documents, at the execution hereof or subsequently, as may be reasonably requested by the other in order to carry out the provisions and purposes of this Agreement.

IN WITNESS WHEREOF, the undersigned, by his or its execution hereof, agrees to be bound by this Agreement.

Executed this 22 day of AUGUST, 2011,  
at PHOENIX (City), ARIZONA (State).

If the Investor is an **INDIVIDUAL**, complete the following:

The undersigned (circle one): [is] [is not] a citizen or resident of the United States.

Print Name of Individual:

Mark Sherman

Print Name of Spouse if Funds are to  
be invested in Joint Name or are  
Community Property:

Print Social Security Number of Individual:

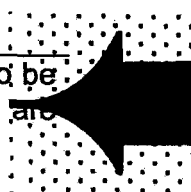
[REDACTED]

Print Social Security Number of  
Spouse

Signature of Individual:

*Mark Sherman*

Signature of Spouse if Funds are to be  
Invested in Joint Name or are  
Community Property



Print Address of Residence:

[REDACTED]  
[REDACTED] AZ [REDACTED]  
[REDACTED]

Print Telephone Number:

[REDACTED]

The investor is PARTNERSHIP, CORPORATION, TRUST OR OTHER ENTITY, complete the following:

The undersigned (*circle one*) [is] [is not] a foreign partnership, foreign corporation, trust or foreign estate (as defined in the Internal Revenue Code of 1986, as amended, and the treasury regulations promulgated there under).

\_\_\_\_\_  
Print Name of Partnership, Corporation,  
Trust or Entity:

\_\_\_\_\_  
Title of Authorized Representative

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Print Jurisdiction of Organization or  
Incorporation

\_\_\_\_\_  
Print Name of Authorized Representative

\_\_\_\_\_  
Print Federal Tax Identification Number

\_\_\_\_\_  
Print Address of Residence:

\_\_\_\_\_  
Print Telephone Number:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_

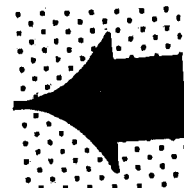
#### ACCEPTANCE

The terms of the foregoing, including the subscription described therein, are agreed to and accepted on this \_\_\_\_ day of \_\_\_\_\_, 2011

ERC COMPACTORS LLC

By: \_\_\_\_\_  
Jason Todd Mogler - President

By: \_\_\_\_\_  
Jim Hinkeldey - Vice-President



## EXHIBIT 1 INVESTOR STATUS

*(Please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity).*

            
initials

- A. **"Non- accredited Investor"**. The undersigned does not meet the definition of an "Accredited Investor" as defined herein below;

            
initials

- B. **"Accredited Investor"**. The undersigned is an Accredited Investor as defined below (*check applicable box*):

☐ 1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds Five Hundred Thousand (\$500,000) Dollars;

☐ 2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of One Hundred Thousand (\$100,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;

☐ 3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U. S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;



☐4. Any private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940);

☐5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;

☐6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

☐7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

☐8.\* Any entity in which all of the equity owners are Accredited Investors.

**NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.**

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\* If this box is checked, please indicate on a separate schedule to be attached hereto, the category of Accredited Investor in which each equity owner of such entity is included.

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**EXHIBIT B**

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**PROMISSORY NOTE**

**THIS NOTE HAS BEEN MADE FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO OR FOR SALE IN CONNECTION WITH THE DISTRIBUTION THEREOF AND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THIS NOTE MAY NOT BE SOLD, TRANSFERRED, OR ASSIGNED ("TRANSFER") UNLESS IT IS SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE AND THE MAKER CONSENTS IN WRITING TO SUCH TRANSFER.**

**ERC COMPACTORS LLC, an Arizona Limited Liability Company, with offices at 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250 (the "Maker"), for value received, promises to pay to the Individual and/or legal entity designated in this Note as the "HOLDER," the principal sum of Thirty Five Thousand (\$35,000.00) Dollars.**

The Notes will have an annual rate of return of Twenty-Four (24%) percent simple interest over the term thereof, with a maturity date of Twenty-Four (24) months from the Commencement Date of each Note.

Principal and Interest shall be paid as follows:

Principal: Principal shall be paid at maturity. The maturity date is Twenty-Four (24) months from the Commencement Date of each Note.

Interest: Since there is a delivery period of approximately Ninety (90) days between the equipment purchase date and equipment delivery date, the first Ninety (90) days of interest will be deferred. The deferred interest (\$300 per month or \$900 for 90 days) will be added onto the note's principal amount of \$15,000. The new principal balance of the Note on the Ninety-First (91) day after the Commencement Date will be Fifteen Thousand Nine Hundred (\$15,900) dollars. Interest will be calculated on the combined amount of \$15,900 (\$15,900) and will be paid monthly commencing in the Fourth (4<sup>th</sup>) month.

The principal and any interest due on said principal may be prepaid at the sole discretion of the Company, without a prepayment penalty.

## **1. NOTES**

This Note in the principal amount of Fifteen Thousand (\$15,000) Dollars per Note, or any fractional amounts, is offered for sale by the Maker, pursuant to that certain "Private Placement Memorandum" dated August 8, 2011. The Note shall be senior debt of the Maker.

## **2. EVENTS OF DEFAULT**

A default shall be defined as one or more of the following events ("Event of Default") occurring and continuing:

- (a) The Maker shall fail to pay any interest payment on this Note when due for a period of Twenty (20) days after notice of such default has been sent by the Holder to the Maker.
- (b) The Maker shall dissolve or terminate the existence of the Maker.
- (c) The Maker shall file a petition in bankruptcy, make an assignment for the benefit of its creditors, or consent to or acquiesce in the appointment of a receiver for all or substantially all of its property, or a petition for the appointment of a receiver shall be filed against the Maker and remain unstayed for at least ninety (90) days.
- (d) If the maturity date is extended this will not be considered an event of default.

Upon the occurrence of an Event of Default, the Holder of this Note may, by written notice to the Maker, declare the unpaid principal amount and all accrued interest of the Note immediately due and payable.

## **3. SECURITY FOR PAYMENT OF THE NOTE(S)**

The Note(s) offered by the MAKER are secured by the equipment/compactors purchased.

## **4. COMMENCEMENT DATE OF THE NOTE**

The Commencement Date of the Note shall be the "Effective Date," as defined in that certain "Subscription Agreement" attached as Exhibit A to the Private Placement Memorandum.

## **5. STATUS OF HOLDER**

The Maker may treat the Holder of this Note as the absolute owner of this Note for the purpose of making payments of principal or interest and for all other purposes,

and shall not be affected by any notice to the contrary, unless the Maker so consents in writing.

## **6. SECURITIES ACT RESTRICTIONS**

This Note has not been registered for sale under the Act. This Note may not be sold, offered for sale, pledged, assigned or otherwise disposed of, unless certain conditions are satisfied, as more fully set forth in the Subscription Agreement.

## **7. ATTORNEYS' FEES**

The prevailing party in an action to enforce this Note shall be entitled to reasonable attorneys' fees, costs and collection expense.

## **8. MISCELLANEOUS.**

(a) **Successors and Assigns.** The Holder may not assign, transfer or sell this Note to any party without the express written consent of the Maker. This Note shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) **Entire Agreement.** This Note contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Note shall be effective unless in writing and signed by both parties to this Note.

(c) **Notices.** All notices in connection with this Note shall be in writing and personally delivered or delivered via overnight mail, with written receipt therefore, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 8) with a copy to ERC Compactors LLC, 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

(d) **Section Headings.** The headings of the various sections of the Note have been inserted as a matter of convenience for reference only and shall be of no legal effect.

(e) **Severability.** If any provision or portion of this Note or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Note.

(f) **Applicable Law.** This Note shall be deemed to have been made in the State of Arizona, and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in the State of Arizona. The parties hereto hereby consent to personal jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Note.

**Maker:**

ERC Compactors LLC,  
An Arizona LLC  
8800 E. Chaparral Road  
Suite 270  
Scottsdale, AZ 85250

Jason Mogler  
Sign & Date

Jason Mogler  
Print Name

**Holder:**

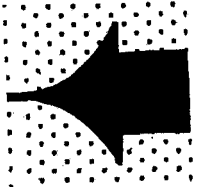
Mark Sherman

Mark Sherman  
Sign & Date

Mark Sherman  
Print Name

Address:

██████████  
██████████ AZ ██████████



**EXHIBIT C**  
**Investor Suitability Questionnaire**

**EXHIBIT C**

**ERC Compactors LLC**

**Investor Suitability Questionnaire**

To: Prospective purchasers of Promissory Notes (the "Notes") offered by ERC Compactors LLC (the "Company").

The Purpose of this Questionnaire is to solicit certain information regarding your financial status to determine whether you are an "Accredited Investor," as defined under applicable federal and state securities laws, and otherwise meet the suitability criteria established by the Company for purchasing Notes. ***This questionnaire is not an offer to sell securities.***

Your answers will be kept as confidential as possible. You agree, however, that this Questionnaire may be shown to such persons as the Company deems appropriate to determine your eligibility as an Accredited Investor or to ascertain your general suitability for investing in the Notes.

***Please answer all questions completely and execute the signature page***

**A. Personal**

1. Name: \_\_\_\_\_

2. Address of Principal Residence: \_\_\_\_\_

\_\_\_\_\_ County: \_\_\_\_\_

3. Residence Telephone: (\_\_\_\_) \_\_\_\_\_

4. Where are you registered to vote? \_\_\_\_\_

5. Your driver's license is issued by the following state: \_\_\_\_\_

6. Other Residences or Contacts: Please identify any other state where you own a residence, are registered to vote, pay income taxes, hold a driver's license or have any other contacts, and describe your connection with such state:

\_\_\_\_\_  
\_\_\_\_\_

7. Please send all correspondence to:

(1)\_\_\_\_\_ Residence Address (as set forth in item A-2)

(2)\_\_\_\_\_ Business Address (as set forth in item B-1)

8. Date of Birth: \_\_\_\_\_

9. Citizenship: \_\_\_\_\_

10. Social Security or Tax I.D.#: \_\_\_\_\_

**B. Occupations and Income**

1. Occupation: \_\_\_\_\_

(a) Business Address: \_\_\_\_\_

(b) Business Telephone Number: (\_\_\_\_\_) \_\_\_\_\_

2. Gross income during each of the last two years exceeded:

(1)\_\_\_\_\_ \$25,000 (2)\_\_\_\_\_ \$50,000

(3)\_\_\_\_\_ \$100,000 (4)\_\_\_\_\_ \$200,000

3. Joint gross income with spouse during each of the last two years exceeded \$300,000

(1)\_\_\_\_\_ Yes (2)\_\_\_\_\_ No

4. Estimated gross income during current year exceeds:

(1)\_\_\_\_\_ \$25,000 (2)\_\_\_\_\_ \$50,000

(3)\_\_\_\_\_ \$100,000 (4)\_\_\_\_\_ \$200,000

5. Estimated joint gross income with spouse during current year exceeds \$300,000

(1)\_\_\_\_\_ Yes (2)\_\_\_\_\_ No

**C. Net Worth**

1. Current net worth or joint net worth with spouse (note that "net worth" includes all of the assets owned by you and your spouse in excess of total liabilities, including the fair market value, less any mortgage, of your principal residence.)

(1)\_\_\_\_\_ \$50,000-\$100,000 (2)\_\_\_\_\_ \$100,000-\$250,000 (3)\_\_\_\_\_ \$250,000-\$500,000

(4)\_\_\_\_\_ \$500,000-\$750,000 (5)\_\_\_\_\_ \$750,000-\$1,000,000 (6)\_\_\_\_\_ over \$1,000,000



2. Current value of liquid assets (cash, freely marketable securities, cash surrender value of life insurance policies, and other items easily convertible into cash) is sufficient to provide for current needs and possible personal contingencies:

(1)\_\_\_\_Yes

(2)\_\_\_\_No

**D. Affiliation with the Company**

Are you a director or executive officer of the Company?

(1)\_\_\_\_Yes

(2)\_\_\_\_No

**E. Investment Percentage of Net Worth**

If you expect to invest at least \$100,000 in Notes, does your total purchase price exceed 10% of your net worth at the time of sale, or joint net worth with your spouse.

(1)\_\_\_\_Yes

(2)\_\_\_\_No

**F. Consistent Investment Strategy**

Is this investment consistent with your overall investment strategy?

(1)\_\_\_\_Yes

(2)\_\_\_\_No

**G. Prospective Investor's Representations**

The information contained in this Questionnaire is true and complete, and the undersigned understands that the Company and its counsel will rely on such information for the purpose of complying with all applicable securities laws as discussed above. The undersigned agrees to notify the Company promptly of any change in the foregoing information which may occur prior to any purchase by the undersigned of securities from the Company.

Prospective Investor:

\_\_\_\_\_  
Signature

Date:\_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_  
Signature (of joint purchase if purchase is to be made as joint tenants or as tenants in common)

## PROMISSORY NOTE

**Borrowers:** Jason Mogler of Phoenix, Arizona ; ERC of Nevada LLC; and ERC Compactors LLC of 8800 E. Chaparral #270 Scottsdale, Arizona 85250 (individually and collectively the "Borrowers")


**Lender:** Floatron, Inc.

**Principal Amount:** \$300,000


1. FOR VALUE RECEIVED, The Borrowers promise to pay to Floatron, Inc. at P.O. BOX 51000 Phoenix Arizona 85076, or at such address as may later be provided in writing to the Borrowers, the principal sum of three hundred thousand (\$300,000.00 ) USD, with interest payable on the unpaid principal at the rate of 24 percent per annum, calculated yearly not in advance.
2. This Note will be repaid in 12 consecutive yearly installments of interest only on the anniversary date of the execution of this Note. With any outstanding balance owing under this Note being paid at the end of its term.
3. At any time while not in default under this Note, the Borrowers may pay the outstanding balance then owing under this Note to Floatron, Inc. without further bonus or penalty.
4. Notwithstanding anything to the contrary in this Note, if the Borrowers default in the performance of any obligation under this Note, then Floatron, Inc. may declare the principal amount owing and interest due under this Note at that time to be immediately due and payable.
5. This Note will be construed in accordance with and governed by the laws of the State of Arizona.
6. In the case of the Borrowers' default and the acceleration by Floatron Inc of the amount due, all amounts outstanding under this Note will bear interest at the rate of 26 percent per annum from the date of demand until paid.

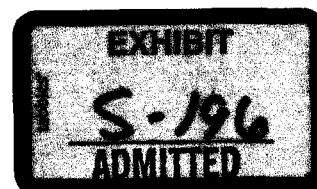
IN WITNESS WHEREOF the parties have duly affixed their signatures under seal on this 22nd day of August, 2011.

**SIGNED, AND DELIVERED**  
this 22nd day of August, 2011.

  
ERC Compactors LLC by Jason Mogler an  
Authorized Representative

**SIGNED, AND DELIVERED**  
this 22nd day of August, 2011.

  
Floatron, Inc. by Mark Sherman an Authorized  
Representative



**CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM**

**C & D CONSTRUCTION SERVICES INC.**  
A Nevada Corporation

---

**\$1,500,000**

**\$25,000 per Promissory Note (Unit)**  
**MINIMUM PURCHASE - 1 Promissory Note**  
**24% Annual Rate of Return, Paid monthly**  
**Maturity Date: 24 months**  
**Redemption at Maturity - \$25,000 per Unit**

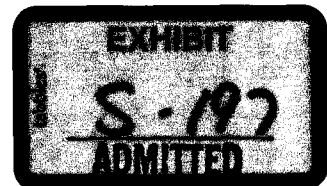
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C & D Construction Services Inc. a Nevada Corporation (hereinafter referred to as the "COMPANY"), is offering by means of this Confidential Private Placement Memorandum a maximum of Sixty (60) secured Promissory Notes ("Notes") at an offering price of Twenty- Five Thousand (\$25,000) Dollars per Note, for a maximum total of One Million Five Hundred Thousand Dollars (\$1,500,000), to qualified investors who meet the Investor Suitability Requirements set forth herein (see "INVESTOR SUITABILITY REQUIREMENTS"). Each investor must agree to purchase the Notes, as a lender to the Company, for investment purposes only, and execute a Subscription Agreement in the form contained in the accompanying Subscription Booklet (see "TERMS OF THE OFFERING").

**THESE SECURITIES ARE SPECULATIVE AND INVESTMENT  
IN THE NOTES INVOLVES A DEGREE OF RISK  
(SEE "RISK FACTORS")**

	<b>Offering Price</b>	<b>Selling Commissions</b>	<b>Proceeds to Company</b>
<b>Per Unit</b>	\$25,000	\$2,500	\$22,500
<b>Maximum Units</b>	\$1,500,000	\$150,000	\$1,350,000

**C & D CONSTRUCTION SERVICES INC.**  
130 West Owens Avenue  
North Las Vegas, Nevada 89030  
Telephone: (702) 880-1299



The date of this Private Placement Memorandum is October 1, 2010

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## **IMPORTANT NOTICES**

This Confidential Private Placement Offering Memorandum ("Memorandum") is submitted to you on a confidential basis solely for the purpose of evaluating the specific transaction described herein. This information shall not be photocopied, reproduced or distributed to others without the prior written consent of C & D Construction Services Inc. (the "Company"). If the recipient determines not to purchase any of the Notes offered hereby, it will promptly return all material received in connection herewith without retaining any copies.

## **DISCLAIMERS**

THE NOTES OFFERED HEREBY IN THIS OFFERING MEMORANDUM HAVE NOT BEEN REGISTERED WITH, OR APPROVED, BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, NOR HAVE SUCH NOTES OR THIS MEMORANDUM BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL OF ANY STATE OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE. THIS OFFERING IS BASED ON THE EXEMPTION FROM SUCH REGISTRATION AS SET FORTH IN §4(2) AND RULE 506 OF REGULATION D OF THE SECURITIES ACT OF 1933, AS AMENDED.

THE INVESTMENT DESCRIBED IN THIS MEMORANDUM INVOLVES RISKS, AND IS OFFERED ONLY TO INDIVIDUALS WHO CAN AFFORD TO ASSUME SUCH RISK FOR AN INDEFINITE PERIOD OF TIME AND WHO AGREE TO PURCHASE THE NOTES ONLY FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TOWARD THE TRANSFER, RESALE, EXCHANGE OR FURTHER DISTRIBUTION THEREOF. THERE WILL BE NO

PUBLIC MARKET FOR THE NOTES ISSUED PURSUANT TO THIS OFFERING MEMORANDUM. THE RESALE OF THE NOTES IS LIMITED BY FEDERAL AND STATE SECURITIES LAWS AND IT IS THEREFORE RECOMMENDED THAT EACH POTENTIAL INVESTOR SEEK COUNSEL SHOULD THEY DESIRE MORE INFORMATION.

THE PRICE OF THE NOTES AS DESCRIBED IN THIS OFFERING MEMORANDUM HAS BEEN ARBITRARILY DETERMINED BY THE SPONSORS OF THIS INVESTMENT, AND EACH PROSPECTIVE INVESTOR SHOULD MAKE AN INDEPENDENT EVALUATION OF THE FAIRNESS OF SUCH PRICE UNDER ALL THE CIRCUMSTANCES AS DESCRIBED IN THE ATTACHED OFFERING MEMORANDUM.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION IN CONNECTION WITH THIS MEMORANDUM, EXCEPT SUCH INFORMATION AS IS CONTAINED OR REFERENCED IN THIS MEMORANDUM. ONLY INFORMATION OR REPRESENTATIONS CONTAINED OR REFERENCED HEREIN MAY BE RELIED UPON AS HAVING BEEN MADE BY THE COMPANY. PROSPECTIVE INVESTORS WHO HAVE QUESTIONS CONCERNING THE TERMS AND CONDITIONS OF THIS PRIVATE OFFERING MEMORANDUM OR WHO DESIRE ADDITIONAL INFORMATION OR DOCUMENTATION TO VERIFY THE INFORMATION CONTAINED HEREIN SHOULD CONTACT THE COMPANY. PROJECTIONS OR FORECASTS CONTAINED IN THIS PRIVATE OFFERING MEMORANDUM, OR OTHER MATERIALS, MUST BE VIEWED ONLY AS ESTIMATES. ALTHOUGH ANY PROJECTIONS CONTAINED IN THIS MEMORANDUM ARE BASED UPON ASSUMPTIONS WHICH THE COMPANY BELIEVES TO BE REASONABLE, THE ACTUAL PERFORMANCE OF THE COMPANY MAY DEPEND UPON FACTORS BEYOND THE CONTROL OF THE COMPANY. NO ASSURANCE CAN BE GIVEN THAT THE COMPANY'S ACTUAL PERFORMANCE WILL MATCH ITS INTENDED RESULTS.

## **1. SUMMARY OF THE OFFERING**

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY MORE DETAILED INFORMATION THAT MAY APPEAR ELSEWHERE IN THIS PRIVATE PLACEMENT MEMORANDUM. EACH PROSPECTIVE INVESTOR IS URGED TO READ THIS PRIVATE OFFERING MEMORANDUM IN ITS ENTIRETY.

C & D CONSTRUCTION SERVICES INC. (the "Company") was formed on April 26, 2000 as a Nevada Corporation. The Company is in the business of rubbish and waste recycling.

The Securities offered are Sixty (60) Notes issued by the Company at Twenty Five Thousand (\$25,000) Dollars per Note, payable in cash at the time of subscription (see "Exhibit "B" for copy of Promissory Note). The minimum purchase is one (1) Note. The Notes have an annual rate of return of twenty-four (24%) percent interest, payable monthly, due on the 1<sup>st</sup> of each month, with a maturity date of twenty-four (24) months from the Commencement Date of each Note. Initial odd days of interest due will be included in the 1<sup>st</sup> check. The Notes offered pursuant to this Private Placement Memorandum will be secured by property located in Nevada and California as referenced in section 6.2.

None of the Notes are convertible to common stock, or other type of equity, in the Company. The Principal may be prepaid, at the sole discretion of the Company, without a prepayment penalty. This offering will commence on October 1, 2010, and will terminate no later than September 30, 2011, unless extended by the Company (see "TERMS OF THE OFFERING").

The gross proceeds of the offering will be a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars. The use of the proceeds is to create the company structure for the purchase and start up requirements for a recycling center located in Apex, Las Vegas, Nevada. This covers such items as site planning, legal, accounting, marketing plan, business plan, franchise development and all other steps needed in the formation of this company as described herein (see "USE OF PROCEEDS").

## **2. THE COMPANY**

C & D CONSTRUCTION SERVICES INC. (the "Company") was formed on April 26, 2000 as a Nevada Corporation. At the date of this offering Twenty Five Million (25,000,000) Shares of the Company's voting Common Stock were authorized, issued and outstanding. The Company is in the business of waste management and recycling.

### **2.1 OPERATIONS**

A recycling plant is a facility which processes materials for recycling. Recycling plants may be attached to landfills to streamline the waste management process, or they may be independent facilities. The goods handled at a recycling plant are quite varied, depending on regional demand for specific materials, and the capacity of the plant itself.

Recycling is a complex process, which starts with a consumer dropping a recyclable object or container into a designated recycling bin. Once that object reaches a plant, it is dumped onto a conveyor with numerous other items for sorting. Sorted goods are divided by type, so that like can be recycled with like. After sorting, the goods are usually cleaned, so that they are ready for the recycling process.

Melting, shredding, and pulping are all used to prepare things for recycling. Glass tends to be chipped and then melted so that it can be made into new glass objects, although some recycling plants also offer bottle reclamation, in which bottles are sterilized for reuse. Shredding is used to package plastic, metal, and paper for processing, while pulping is used to convert paper products into slurry which can be made into paper all over again.

Once objects have been broken down at a recycling plant, they can be made into products from recycled goods.

### **3. MANAGEMENT**

#### **3.1 DIRECTORS AND EXECUTIVE OFFICERS**

The success of the company is dependent upon the services and expertise of existing management. At the present time, Peter A. Salazar Jr., is actively involved in the management of the Company.

Peter A. Salazar Jr. resume:

Bachelor in Environmental Science - 2000

2000- Founder of C&D Construction Services Inc - Construction Clean Up Company

2001- Co-Founder with Brother Luis Salazar of Starwood Lumber Products - Dimensional Lumber Products

2002 - Expanded C&D Construction Services Inc - Roll Off Division

2003 - Founder of Liberty Salvage Materials - Recycling Division of C&D Construction Services Inc.

2008 - 2010 - Nevada Recyclers Association - President

2009 - Liberty Salvage Materials - Environmental Business Journal - Achievement Award

The management team may be further developed and expanded with qualified and experienced executives, professionals and consultants, as the Company matures and grows.



## **4. TERMS OF THE OFFERING**

### **4.1 GENERAL TERMS OF THE OFFERING**

This Private Offering Memorandum is offering a maximum of Sixty (60) Notes at Twenty Five Thousand (\$25,000) Dollars per Note, for a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars to a select group of Investors who satisfy the Investor Suitability Requirements (see "INVESTOR SUITABILITY REQUIREMENTS"). The Company will have the authority to sell fractional Notes at its sole discretion.

### **4.2 OFFERING AMOUNT - HOLDING ACCOUNT**

The Company has established an account with Wells Fargo, into which the offering proceeds will be placed. There is no minimum offering amount established. After the Notes are sold, all proceeds from the sale of Notes will be delivered directly to the Company.

### **4.3 NONTRANSFERABILITY OF NOTES**

The Notes have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), and are being offered in reliance upon an exemption under §4(2) and Rule 506 of Regulation D of the Securities Act, as amended, and rules and regulations hereunder. The Notes have not been registered under the securities laws of any state and will be offered pursuant to an exemption from registration in each state. A purchaser may transfer or dispose of the Note only if such Notes are subsequently registered under the Securities Act, or if an exemption from registration is available, and pursuant to an opinion of counsel acceptable to the Company and its counsel to the effect that the Notes may be transferred without violation of the registration requirements of the Securities Act or any other securities laws.

### **4.4 CLOSING OF THE OFFERING**

The Notes are offered and closed only when a properly completed Subscription Agreement (Exhibit A); Note (Exhibit B), and Investor Questionnaire (Exhibit C) are submitted by the investing Subscriber or his/her Investor Representatives and are received and accepted by the Company. The Subscription Agreement as submitted by an investing Subscriber or his/her Investor Representatives shall be binding once the Company signs the Subscription Agreement, Note and the funds delivered by the potential Investor to the Company with the Subscription Agreement has been cleared by the financial institution in which they are deposited by the Company. The Notes will be delivered to qualified Investors upon acceptance of their subscriptions. All funds collected from investing Subscribers will be deposited in a designated account under the control of the

Company. Investors subscribing to the Notes may not withdraw or revoke their subscriptions at any time prior to acceptance by the Company, except as provided by certain state laws, or if more than thirty (30) days have passed after receipt of the Subscription Agreement by the Company without the Company accepting the Investor's funds and delivering all applicable documents to such Investor. The proceeds of this Offering will be used only for the purpose set forth in this Private Offering Memorandum (see "USE OF PROCEEDS").

The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon reaching the maximum offering amount of One Million Five Hundred Thousand (\$1,500,000) Dollars.
2. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding thirty (30) days thereafter to which the Company, in its sole discretion, may extend this Offering.

## **5. PLAN OF DISTRIBUTION**

### **5.1 OFFERING OF NOTES**

The Notes will be offered to prospective lenders by Officers and Directors of the Company and qualified licensed personnel, pursuant to State and Federal security rules and regulations. This Offering is made solely through this Private Placement Memorandum and without any form of general solicitation or advertising. The Company and its Officers and Directors or other authorized personnel will use their best efforts during the Offering period to find eligible Investors who desire to subscribe to the Notes in the Company. These Notes are offered on a "best efforts" basis, and there is no assurance that any or all of the Notes will be closed. The Company has the authorization to offer fractional Notes at its sole discretion. The Offering period will begin as of the date of this private Offering Memorandum and will close upon the happening of such occurrences as defined herein (see "TERMS OF THE OFFERING").

### **5.2 PAYMENTS TO BROKER DEALERS OR INVESTMENT ADVISORS**

The Company has the power to pay fees or commissions to qualified Broker Dealers, Registered Investment Advisors or any other person qualified under other applicable federal and state security laws.

## **6. DESCRIPTION OF NOTES**

### **6.1 NOTES**

The Company is offering Sixty (60) Notes of the Company to potential investors at Twenty Five Thousand (\$25,000) Dollars per Note, payable in cash at the time of the subscription. The minimum purchase is one (1) note. The Notes will have an annual rate of return of twenty four (24%) percent simple interest over the term thereof, with a maturity date of twenty-four (24) months from the Commencement Date of each Note. Interest shall be paid monthly, due on the 1<sup>st</sup> of each month, and will be based on the outstanding principal balance. All principal shall be paid at maturity. Initial odd days of interest due will be included in the 1<sup>st</sup> check. Principal may be prepaid at the sole discretion of the Company, without a prepayment penalty. The Notes will be issued in the form attached hereto and incorporated herein by reference as though set forth in full herein as Exhibit B.

### **6.2 SECURITY FOR PAYMENT OF THE NOTES**

The Notes being offered by the Company in this Private Placement Offering are secured by real estate in Nevada and California. The investors are in 1<sup>st</sup> lien position and the properties are free and clear.

### **6.3 REPORTS TO NOTEHOLDERS**

The Company, will furnish annual unaudited reports to its Note holders ninety (90) days after its fiscal year. The Company may issue other interim reports to its Note holders as it deems appropriate. The Company's fiscal year will end on December 31<sup>st</sup> of each year.

## **7. USE OF PROCEEDS**

The gross proceeds of the Offering will be a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars. The table below sets forth the use of proceeds for the maximum offering amounts.

## Sources

	Maximum Amount	Percent of Proceeds
<b>Proceeds From Sale of Notes</b>	<b>\$1,500,000</b>	<b>100%</b>
Offering Expenses (1)	\$ 5,000	0.003%
Commissions (2)	\$ 150,000	10.000%
Total Offering Expenses & Fees	\$ 155,000	10.003%
Net Offering Proceeds (3)	\$1,345,000	89.667%
Total Application of Proceeds	\$1,500,000	100%

### Footnotes:

(1) Includes estimated memorandum preparation, filing, printing, legal, accounting and other fees and expenses related to the Offering.

(2) This Offering is being sold by the officers and directors of the Company, who will not receive any compensation for their efforts. No sales fees or commissions will be paid to such officers or directors. Notes may be sold by registered brokers or dealers who are members of the NASD and who enter into a Participating Dealer Agreement with the Company. Such brokers or dealers may receive commissions up to ten percent (10%) of the price of the Notes sold.

(3) Net offering proceeds available for the formation of the new entity. This covers such items as site planning, legal, accounting, marketing plan, business plan, franchise development and all other steps needed in the formation of this company.

## 8. CAPITALIZATION STATEMENT

### 8.1 CAPITALIZATION PRIOR TO AND AFTER THE OFFERING

The following table summarizes the capitalization of the Company prior to, and as adjusted to reflect, the issuance and sale of the maximum of Sixty (60) Notes or One Million Five Hundred Thousand (\$1,500,000) Dollars.

	AS ADJUSTED 4/26/00	AFTER THE OFFERING
Notes	<u>-0-</u>	<u>\$1,500,000</u>
Common Stock \$.001 par value, 25,000,000 shares authorized, 25,000,000 shares issued and outstanding	\$25,000	\$25,000
Net Shareholders' Equity	\$25,000	\$25,000
TOTAL CAPITALIZATION	<u>\$25,000</u>	<u>\$1,525,000</u>

## **9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

### **9.1 RESULTS OF OPERATIONS**

The Company is an established company.

### **9.2 LIQUIDITY AND CAPITAL RESOURCES**

The Company's liquidity and capital resources are dependent on its operations and its ability to raise sufficient capital to pay for the purchase price of the Promissory Notes.

## **10. CERTAIN TRANSACTIONS**

### **10.1 NEVADA CORPORATION**

**C & D Construction Services Inc.** is a privately held Nevada Corporation, incorporated on April 26, 2000.

### **10.2 PRIVATE OFFERING OF NOTES**

The Company is authorized to offer in this private offering, up to One Million Five Hundred Thousand (\$1,500,000) Dollars of Notes to selected investors, effective on October 1, 2010.

## **11. FIDUCIARY RESPONSIBILITIES OF THE DIRECTORS AND OFFICERS OF THE COMPANY**

### **11.1 GENERAL**

The Officers and Directors of the Company are accountable to the Company as fiduciaries and such Officers and Directors are required to exercise good faith and integrity in managing the Company's affairs and policies. Each Note holder of the Company, or their duly authorized representative, may inspect the books and records of the Company at any time during normal business hours. A Note holder may be able to bring an action on behalf of himself in the event the Note holder has suffered losses in connection with the purchase or sale of the Note(s) in the Company, due to a breach of fiduciary duty by an Officer or Director of the Company, in connection with such sale or purchase, including the misrepresentation or misapplication by any such Officer or Director of the proceeds from the sale of these Notes, and may be able to recover such losses from the Company.

### **11.2 INDEMNIFICATION**

Indemnification is permitted by the Company to directors, officers or controlling persons pursuant to Nevada law. Indemnification includes expenses, such as attorneys' fees and, in certain circumstances, judgments, fines and settlement amounts actually paid or incurred in connection with actual or threatened actions, suits or proceedings involving such person and arising from their relationship with the Company, except in certain circumstances where a person is adjudged to be guilty of gross negligence or willful misconduct, unless a court of competent jurisdiction determines that such indemnification is fair and reasonable under the circumstances.

## **12. RISK FACTORS**

THIS INVESTMENT INVOLVES A DEGREE OF RISK. AN INDIVIDUAL CONTEMPLATING INVESTMENT IN THIS OFFERING SHOULD GIVE CAREFUL CONSIDERATION TO THE ELEMENTS OF THE RISK SUMMARIZED BELOW, AS WELL AS THE OTHER RISK FACTORS IDENTIFIED ELSEWHERE IN THIS PRIVATE OFFERING MEMORANDUM.

### **12.1 FORMATION OF THE COMPANY**

The company was formed on April 26, 2000.

## **12.2 CONTROL BY COMPANY**

After completion of this offering the Company will own one hundred percent (100%) of the issued and outstanding Common Shares. Such ownership will enable the Company to continue to elect all the Directors and to control the Company's policies and affairs. The Note holders will not have any voting rights in the Company.

## **12.3 RELIANCE ON THE COMPANY FOR MANAGEMENT**

All decisions with respect to the management of the Company will be made exclusively by the officers, directors and employees of the Company. The Note holders do not have the right or power to take part in the management of the Company and will not be represented on the Board of Directors of the Company. Accordingly, no person should purchase a Note unless he is willing to entrust all aspects of the management of the Company to existing Management.

## **12.4 LIMITED TRANSFERABILITY OF THE NOTES**

The transferability of the Notes in this offering is limited, and potential investors should recognize the nature of their investment in the offering. It is not expected that there will be a public market for the Notes because there will be only a limited number of investors and restrictions of the transferability of Notes. The Notes have not been registered under the Securities Act of 1933, as amended, or qualified or registered under the securities laws of any state and, therefore, the Notes cannot be resold unless they are subsequently so registered or qualified or an exemption from such registration is available. The offering also contains restrictions on the transferability of the Notes. Accordingly, purchasers of Notes will be required to hold such Notes to maturity unless otherwise approved by the Company. The Company does not intend to register the Notes under the Securities Act of 1933.

## **12.5 REGULATIONS**

The Company is subject to various federal and state laws, rules and regulations. Failure to comply with these laws may result in civil and criminal liability. The Company believes it will be in full compliance with any and all applicable laws, rules and regulations.

## **12.6 SPOT PRICING**

The pricing of recycled material fluctuates according to global demand.

## **12.7 FORCE MAJEURE**

Neither party shall be liable in damages or have the right to terminate this Agreement for any delay or default in performing hereunder if such delay or default is caused by conditions beyond its control including, but not limited to Acts of God, Government restrictions (including the denial or cancellation of any export or other necessary license), wars, insurrections and/or any other cause beyond the reasonable control of the party whose performance is affected.

## **13. PRINCIPAL SHAREHOLDERS**

As of the date of this Offering, the Company has Twenty Five Million (25,000,000) Shares of Common Stock issued and outstanding.

## **14. HOW TO INVEST**

An Investor who meets the qualifications as set forth in this Private Offering Memorandum may subscribe for at least the minimum purchase herein of One (1) Note (Twenty Five Thousand (\$25,000) Dollars) by carefully reading this entire Private Offering Memorandum and by then completing and signing a separately bound booklet. This booklet contains identical copies of the following exhibits contained in the Private Offering Memorandum, including:

- Exhibit A     **INSTRUCTIONS TO SUBSCRIBERS and SUBSCRIPTION AGREEMENT:** This contains complete instructions to Subscribers and should be read in its entirety by the prospective investor prior to investing. The Subscription Agreement must be signed by the Investor.
- Exhibit B     **PROMISSORY NOTE:** This Note will be signed by C & D Construction Services Inc.
- Exhibit C     **INVESTOR QUESTIONNAIRE:** This questionnaire requires a Subscriber to complete a financial history in order to aid the Company in the determination of the suitability of the Subscriber as a potential Investor. This questionnaire must be signed by the Investor.

Copies of all the above referenced documents are included with this Private Placement Memorandum. For discussion of the actions of the Company upon receipt of a properly completed request to invest by a Subscriber, please see **"TERMS OF THE OFFERING."** Such Investor should include his check made payable to **TRI-CORE BUSINESS DEVELOPMENT LLC** as agent for C & D Construction Services Inc., along with the **SUBSCRIPTION AGREEMENT, NOTE, AND INVESTOR QUESTIONNAIRE.** Delivery of the documents referred to above, together with a check to be addressed to the



Company as follows: Tri-Core Business Development LLC, c/o Arizona Investment Center, 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250.

## **15. INVESTOR SUITABILITY REQUIREMENTS**

### **15.1 INTRODUCTION**

Potential Investors should have experience in making investment decisions or such Investors should rely on their own tax consultants or other qualified investment advisors in making this investment decision.

### **15.2 GENERAL SUITABILITY**

Each potential Investor will be required to represent the following by execution of a Subscription Agreement:

1. The Investor has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in this Offering.
2. The Investor has the ability to bear the economic risk of this investment, has adequate means to provide for his, her or its current needs and personal contingencies, has no need for liquidity in this investment and could afford the complete loss of the investment.
3. The Investor is acquiring the Note(s) for his, her or its own account for investment purposes only and not with a view toward subdivision, resale, distribution or fractionalization thereof, or for the account of others, and has no present intention of selling or granting any participation in, or otherwise distributing, the Note(s).
4. The Investor's overall commitment to invest in the Note(s) is not disproportionate to his, her or its net worth and the investment in these Note(s) will not cause such overall commitment to become excessive.
5. The Investor has read and understands this Private Placement Memorandum and all its exhibits.

### **15.3 NONACCREDITED INVESTORS**

Up to and including thirty-five (35) investing Subscribers may be accepted by the Company as suitable Investors if each such Subscriber has a net worth sufficient to bear the risk of losing his entire investment and meets the above "General Suitability Standards."

#### **15.4 ACCREDITED INVESTORS**

In addition to satisfying the "General Standards" as defined above, all but thirty-five (35) Subscribers for Shares must each satisfy one of the "Accredited Investors" economic suitability standards as defined below:

1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds One Million (\$1,000,000) Dollars;
2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of Three Hundred Thousand (\$300,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;
2. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
3.
  4. Any private business development company (as defined in Section 202(a) (22) of the Investment Advisers Act of 1940);
  5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;

6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;
7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and
8. Any entity in which all of the equity owners are Accredited Investors.

NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.

#### **15.5 ACCEPTANCE OF SUBSCRIPTION AGREEMENT BY THE COMPANY**

The Investor Suitability Requirements referred to in this section represent minimum requirements for potential Investors. Satisfaction of these standards does not necessarily mean that participation in this Offering constitutes a suitable investment for such a potential Investor or that the potential Investors' Subscription will be accepted by the Company. The Company may, in fact, modify such requirements as circumstances dictate. All Subscription Agreements submitted by potential Investors will be carefully reviewed by the Company to determine the suitability of the potential Investor in this Offering. The Company may, in its sole discretion, refuse a Subscription in this Offering to any potential Investor who does not meet the applicable Investor Suitability Requirements or who otherwise appears to be an unsuitable Investor in this Offering. The Company will not necessarily review or accept a Subscription Agreement in the sequential order in which it is received. The Company also has the discretion to maximize the number of Accredited Investors in this Offering and, as a result, may accept less than thirty-five (35) Non-accredited Investors in this Offering.

#### **16. LITIGATION**

The Company and its Directors, Officers and Shareholders have no lawsuits pending, no legal actions pending or judgments entered against the Company, its Directors, Officers and Shareholders and, to the best knowledge of the Company, no legal actions are contemplated against the Company and/or its Directors, Officers and Shareholders.

**BROKER-DEALER.** A person or firm licensed with the NASD, the SEC and with the securities or corporate commissions department of the state in which it sells investment securities and who may employ licensed agents for that purpose.

**COMPANY.** Refers to C & D CONSTRUCTION SERVICES INC. a Nevada Corporation.

**NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. (NASD).** A self-regulating body which licenses brokers and dealers handling securities offerings, reviews the terms of an offering's underwriting arrangements and advertising literature and, while not a governmental agency, acts as a review service watchdog to make sure that its regulations and those of the SEC are followed for the investor's protection in offerings of securities.

**NOTES.** A Twenty Five Thousand (\$25,000) Dollar investment consisting of one (1) Promissory Note issued by C & D CONSTRUCTION SERVICES INC. a Nevada Corporation.

**SECURITIES ACT OF 1933.** A federal act regulated and enforced by the SEC that requires, among other things, the registration and use of a prospectus whenever a security is sold (unless the security or the manner of the Offering is expressly exempt from such registration process).

**SECURITIES EXCHANGE ACT OF 1934.** A federal act regulated and enforced by the SEC which supplements the Securities Act of 1933 and contains requirements which were designed to protect investors and to regulate the trading (secondary market) of securities. Such regulations require, among other things, the use of prescribed proxy statements when investors' votes are solicited; the disclosure of management and large shareholders' holding of securities; controls on the resale of such securities; and periodic (monthly, quarterly, annually) filing with the SEC of financial and disclosure reports of the Issuer.

**SECURITIES AND EXCHANGE COMMISSION (SEC).** An independent United States government regulatory and enforcement agency which supervises investment trading activities and registers companies and those securities which fall under its jurisdiction. The SEC also administers statutes to enforce disclosure requirements that were designed to protect investors in securities offerings.

**SUBSCRIPTION DOCUMENTS.** Consists of the Note, Subscription Agreement, Investor Questionnaire and a check as payment for the Note(s) to be purchased submitted by each prospective Investor to the Company.

**TERMINATION DATE.** The earlier to occur of the date on which all Notes are sold or September 30, 2011.

## 20. ACKNOWLEDGMENT

By signing below, the undersigned acknowledges that he/she has read and understood this entire Private Placement Memorandum.

FLOARTZON INC / M. Sherman  
Signature

11.9.2010  
Date



Mark Sherman  
Print Name

**EXHIBIT A**  
**SUBSCRIPTION AGREEMENT**

**Print Name of Subscriber:** Floatron, Inc.

**Amount Loaned:** \$100,000.00

**Number of Notes:** 4

**C & D CONSTRUCTION SERVICES INC.**

**SUBSCRIPTION DOCUMENTS**

**OFFERING A MAXIMUM OF SIXTY (60) SECURED PROMISSORY NOTES**

**TWENTY FIVE THOUSAND (\$25,000) DOLLARS PER NOTE**

**October 1, 2010**

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**SUBSCRIPTION INSTRUCTIONS**  
**(please read carefully)**

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Each subscriber for the secured Promissory Notes, Twenty Five Thousand (\$25,000) Dollars per Note (the "Notes") of C & D CONSTRUCTION SERVICES INC., a Nevada Corporation ("the Company"), must complete and execute the Subscription Documents in accordance with the instructions set forth below. The completed documents should

be sent to Tri-Core Business Development LLC c/o Arizona Investment Center, 8800 E. Chaparral Road, suite 270, Scottsdale, AZ 85250.

**Payment for the Securities should be made by check payable to Tri-Core Business Development LLC and enclosed with the documents as directed in Section III below.**

- I. These Subscription Documents contain all of the materials necessary for you to purchase the Notes. This material is arranged in the following order:
  - Subscription Agreement
  - Promissory Note
  - Confidential Prospective Purchaser's Questionnaire
- II. All investors must complete in detail, date, initial, and sign the Subscription Documents where appropriate. All applicable sections must be filled in.
- III. Payment for the Notes must be made by check as provided below:

Please make your check payable, in the appropriate amount, for the number of Notes purchased (at Twenty Five Thousand (\$25,000) Dollars per Note), to **TRI-CORE BUSINESS DEVELOPMENT LLC**. Your check should be enclosed with your signed subscription documents. Tri-Core Business Development LLC is solely acting as the agent for C & D Construction Services Inc. for this offering.

All funds received from subscribers will be placed in a operating account and will be available for use.

#### **IV SPECIAL INSTRUCTIONS**

**FOR CORPORATIONS.** Include copy of Board resolution designating the corporate officer authorized to sign on behalf of the corporation, a Board resolution authorizing the investment, and financial statements.

**FOR PARTNERSHIPS.** Provide a complete copy of the partnership agreement, questionnaire, and financial statements for each General Partner.



**FOR TRUSTS.** Provide a complete copy of the instruments or agreements creating the trust, as amended to date.

**Print Name of Subscriber:** Floatron, Inc.

**Amount Loaned:** \$100,000.00

**Number of Notes:** 4

**Subscription Agreement**

To: C & D Construction Services Inc.  
130 West Owens Avenue  
North Las Vegas, Nevada 89030

Gentlemen:

**1. Subscription.** The undersigned hereby subscribes for 4 Notes of C & D Construction Services Inc. (the "Company"), a Nevada Corporation and agrees to loan to the Company Twenty Five Thousand (\$25,000) Dollars per Note for an aggregate loan of **\$100,000.00** dollars (the "Loan Amount") upon the terms and subject to the conditions (a) set forth herein, and (b) described in the Confidential Private Placement Memorandum ("Private Placement Memorandum") dated October 1, 2010 together with all exhibits thereto and materials included therewith, and all supplements, if any, related to this offering. The minimum loan is Twenty Five Thousand (\$25,000) Dollars, but the Company has the discretion to offer fractional Notes for loans less than the minimum.

**2. Note Offering.** The Company is offering up to a maximum of Sixty (60) Notes at Twenty Five Thousand (\$25,000) Dollars per Note, with a minimum subscription of one (1) Note (the "Offering"). The maximum aggregate loan to the Company from this Offering will be One Million Five Hundred Thousand (\$1,500,000) Dollars. The Offering is being made to a limited number of investors pursuant to an exemption available under the Securities Act of 1933 (the "Act"), specifically Rule 506 promulgated under Regulation D, and under certain other laws, including the securities law of certain states.

**3. Documents to be delivered.** The undersigned is delivering to the Company executed copies of this Subscription Agreement (the "Agreement"), the Note(s), Offeree Questionnaire, and all other applicable exhibits and documents (the "Subscription Documents"). The Subscription Documents should be delivered to Tri-Core Business Development LLC c/o the Arizona Investment Center 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250. The undersigned understands and agrees that he or it will not become a "Holder" of the Note(s) and the Company shall not become a "Maker" of the Note(s) unless and until the Agreement and Note(s) are executed by the Company.

**4. Making of Loan Amount.** The undersigned, simultaneously with the delivery of the Subscription Documents to the Company, hereby tenders to the

Company the Loan Amount by check made payable to the order of **TRI-CORE BUSINESS DEVELOPMENT LLC** in the amount indicated above. Tri-Core Business Development LLC is solely acting as the agent for C & D Construction Services Inc for this offering.

**5. Acceptance or Rejection of Subscription.** The undersigned understands and agrees that the Company reserves the right, exercisable in its sole discretion, to accept or reject any subscription, in whole or in part, for any reason and that the undersigned will be notified by the Company as promptly as practicable as to whether his or its subscription has been accepted or rejected. If the undersigned's subscription is accepted, in whole or in part, by the Company, the Company will execute this Agreement and the Note(s) and return them to the undersigned. If this subscription is rejected by the Company, either in whole or in part, all funds, in the case of a rejection of the subscription in whole, or those funds representing the amount of the subscription not accepted by the Company, in the case of a rejection of the subscription in part, will be returned to the undersigned as promptly as practicable. If this subscription is rejected in whole by the Company, this Agreement shall be null, void and of no effect. The undersigned does not have the right to withdraw or revoke his or its subscription during the Offering period, except as provided by certain state laws, except that if more than thirty (30) days shall have passed from the date the Company received completed and executed Subscription Documents and the Loan Amount from the undersigned (the "Acceptance Period"), and the Company has not accepted the subscription during the Acceptance Period, the undersigned may withdraw his or its subscription at any time after the Acceptance Period up until such time that the Company subsequently decides, in its sole discretion, to accept the subscription in whole or in part.

**6. Offering Period.** The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon receipt of the maximum Offering subscription amount of One Million Five Hundred Thousand (\$1,500,000) Dollars.

2. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding thirty (30) days thereafter to which the Company, in its sole discretion, may extend this Offering.

**7. Closing of the Loan.** The Note(s) subscribed for herein shall not be deemed made by the Company or held by the undersigned until this Agreement and the Note(s) have been countersigned by the Company, and until the funds delivered by the undersigned to the Company with the Subscription Documents have been deposited in the Holding Account and have been cleared by the applicable bank of the Company (the

"Effective Date"). Upon the Effective Date, (a) the undersigned shall have loaned to the Company the Loan Amount, (b) the undersigned shall become the Holder and the Company shall become the Maker of the Note(s) subscribed for by the undersigned, and (c) both the undersigned and the Company shall be bound by the terms of the Private Placement Memorandum and the Subscription Documents and any other undertakings described herein.

## **8. Representations and Warranties.**

(a) The Company hereby represents and warrants as follows:

(i) The Company is a corporation duly organized, validly existing and is in good standing under the laws of the State of Nevada and has the requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted;

(ii) This Agreement constitutes the valid and binding obligation of the Company enforceable against the Company in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws from time to time in effect which affect creditor's rights generally and by legal and equitable limitations on the availability of specific performance and other equitable remedies under or by virtue of this Agreement). The Company has all requisite power and authority, corporate and other, to execute and deliver this Agreement and the Note(s) and to consummate the transactions contemplated hereby. All persons who have executed this Agreement and the Note(s) on behalf of the Company have been duly authorized to do so by all necessary corporate action. Neither the execution and delivery of this Agreement and the Note(s) nor the consummation of the transactions contemplated hereby will (A) violate any provision of the Certificate of Incorporation or Operating Agreement of the Company, as currently in effect; (B) violate any judgment, order, injunction, decree or award against, or binding upon, the Company or the securities, assets, properties, operations or business of the Company; or (C) violate any law or regulation applicable to the Company or to the securities, assets, properties, operations or business of the Company.

(b) In order to induce the Company to accept the subscription made hereby, the undersigned hereby represents and warrants to the Company as follows:

(i) The undersigned has received the Private Placement Memorandum and the Subscription Documents. The undersigned has read and understands the Private Placement Memorandum and Subscription Documents and the information contained in those documents concerning the Company and this Offering or has caused his or its representative to read and examine the Private Placement Memorandum and Subscription Documents. The undersigned has relied only on the information about the Company contained in these documents and his or its own independent investigation in making his or its subscription. The undersigned

understands that the Notes will be issued with the rights and subject to the conditions described in the Private Placement Memorandum and Subscription Documents;

(ii) The undersigned is familiar with the terms and conditions of the Offering and is aware that his or its investment involves a degree of risk and the undersigned has read the section in the Private Placement Memorandum titled "Risk Factors."

(iii) The undersigned hereby specifically accepts and adopts each and every provision of this Agreement and acknowledges and agrees with each and every provision of this Agreement and, upon acceptance by the Company of the subscription made hereby, agrees to be bound by such provisions.

(iv) The undersigned acknowledges and is aware that there is no assurance as to the future performance of the Company.

(v) The undersigned, if an individual (A) has reached the age of majority in the state in which he resides and (B) is a bona fide resident and domiciliary (not a temporary or transient resident) of the state set forth below his signature on the signature page hereof and has no present intention of becoming a resident of any other state or jurisdiction. The undersigned, if a partnership, corporation, limited liability company, trust or other entity, was organized or incorporated under the laws of the jurisdiction set forth below the signature made on its behalf on the signature page hereof and has no present intention of altering the jurisdiction of its organization, formation or incorporation.

(vi) The undersigned has the financial ability to bear the economic risk of an investment in the Offering, has adequate means of providing for his or its current needs and personal contingencies, has no need for liquidity in the Note(s) and could afford a complete loss of his or its investment in the Offering.

(vii) The undersigned represents and warrants to the Company that he or it comes within one of the categories of investors as defined in Exhibit 1 hereto *(please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity).*

(viii) The undersigned has been given the opportunity to review the merits of an investment in the Offering with tax and legal counsel or with an investment advisor to the extent the undersigned deemed advisable.

(ix) The undersigned's overall commitment to invest in the Note(s), which are not readily marketable, is not disproportionate to his or its net worth and his or its investment in the Offering will not cause such overall commitment to become excessive.

(x) The undersigned has such knowledge and experience in financial and business matters that he or it is capable of evaluating the merits and risks of an investment in the Offering.

(xi) The undersigned has been given a full opportunity to ask questions of and to receive (A) answers from the Company and its Managers concerning the terms and conditions of this Offering and the business of the Company and (B) such other information as he or it desired in order to evaluate an investment in the Offering, and all such questions have been answered to the full satisfaction of the undersigned. No oral or written representations have been made or oral or written information furnished to the undersigned or the undersigned's advisors in connection with the Offering or interests that were in any way inconsistent with this Subscription Agreement. The undersigned is not participating in the Offering as a result of or subsequent to: (1) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television, radio or the internet or (2) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

(xii) If the undersigned is a corporation, limited liability company, partnership, trust or other entity, it is authorized and qualified to make this loan to the Company and the person signing this Agreement on behalf of such entity has been duly authorized by such entity to do so.

(xiii) If the undersigned is a corporation, limited liability company or partnership, the person signing this Agreement on its behalf hereby represents and warrants that the information contained in this Agreement completed by any shareholders of such corporation, members of such limited liability company or partners of such partnership is true and correct with respect to such shareholder, member or partner (and if any such shareholder is itself a corporation, limited liability company or partnership, with respect to all persons having an equity interest in such corporation, limited liability company or partnership, whether directly or indirectly) and that the person signing this Agreement has made due inquiry to determine the truthfulness and accuracy of the information contained in this Agreement.

(xiv) The purchase of the Note(s) by the undersigned has been duly authorized, and the execution, delivery and performance of this Agreement does not conflict with the undersigned's partnership agreement, certificate of incorporation, by-laws, articles of organization, operating agreement or any agreement to which the undersigned is a party and this Agreement is a valid and binding agreement enforceable against the undersigned in accordance with its terms.

(xv) The undersigned hereby represents that he or it is subscribing for the Notes as principal or as trustee, solely for the account of the undersigned, for investment purposes only and not with a view to, or for, subdivision, resale, distribution, or fractionalization thereof, in whole or in part, or for the account, in

whole or in part, of others, and, except as disclosed herein, no other person has a direct or indirect beneficial interest in the Note(s). The undersigned will hold the Note(s) as an investment and has no reason to anticipate any change in circumstances or other particular occasion or event, which would cause the undersigned to attempt to sell any of the Note(s).

(xvi) The undersigned acknowledges his or its understanding that (A) the Offering of the Note(s) by the Company has not been registered under the Act, as amended, or the securities laws of certain states in reliance on specific exemptions from registration, (B) the Confidential Memorandum and Subscription Documents have not been filed with or reviewed by the Securities and Exchange Commission or the securities department of any state and no securities administrator of any state or the federal government has recommended or endorsed this Offering or made any finding or determination relating to the fairness of an investment in the Company, and (C) the Offering of the Note(s) by the Company is intended to be exempt from registration pursuant to Section 4 (2) of the Act and the rules promulgated thereunder by the Securities and Exchange Commission, and that the undersigned's Note(s) cannot be sold, pledged, assigned or otherwise disposed of unless they are registered under the Act or an exemption from such registration is available.

(xvii) The undersigned represents and warrants that he or it will not transfer or convey all or part of his or its financial interest in the Note(s) unless such Note(s) are subsequently registered under the Act, or an exemption from such registration is available and without (A) the prior written consent of the Company and (B) an opinion of counsel acceptable to the Company and its counsel to the effect that the Note(s) may be transferred without violation of the registration requirements of the Act or any applicable state securities laws, as may be amended from time to time. The undersigned further acknowledges that there can be no assurance that the Company will file any registration statement for the Note(s) for which the undersigned is subscribing, that such registration statement, if filed, will be declared effective or, if declared effective, that the Company will be able to keep it effective until the undersigned sells the Note(s) registered thereon.

(xviii) The undersigned understands that this Agreement is subject to the Company's acceptance and may be rejected by the Company at any time in its sole discretion in whole or any part prior to issuance of the Note(s) with respect to the undersigned's subscription, notwithstanding prior receipt by the undersigned of notice of acceptance of the undersigned's subscription. The Company reserves the right to withdraw the Offering at any time.

(xix) The undersigned acknowledges that this Agreement shall become binding upon the undersigned when it is countersigned by the Company and the undersigned is not entitled to cancel, terminate, or revoke this subscription before or after acceptance by the Company, except as otherwise provided in this Agreement.

(xx) All information provided by the undersigned in the Investor Questionnaire and Investor Representative Questionnaire (if applicable) which

accompanies this Agreement is true and accurate in all respects, and the undersigned acknowledges that the Company will be relying on such information to its possible detriment in deciding whether the Company can make these Note(s) to the undersigned without giving rise to the loss of an exemption from registration under the applicable securities laws.

**9. Foreign Person.** If the undersigned has indicated on the signature page of this Agreement that he, she or it is a foreign person, he, she or it agrees to notify the Company in writing within sixty (60) days of becoming a nonresident alien, foreign corporation, foreign partnership, foreign trust, foreign estate or other foreign entity, as the case may be.

**10. Indemnity.** The undersigned agrees to indemnify and hold harmless the Company, its managers, members, agents, attorneys and affiliates and each other person, if any, who controls any thereof, within the meaning of Section 15 of the Act, against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the undersigned to comply with any covenant or agreement made by the undersigned herein or in this Agreement or in any other document furnished by the undersigned to any of the foregoing in connection with this transaction.

**11. Notice.** All notices in connection with this Agreement shall be in writing and personally delivered or delivered via overnight mail, with written receipt therefore, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 11) with a copy, in the case of notice to the Company, to C & D Construction Services Inc. at 130 West Owens Avenue, North Las Vegas, NV 89030. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

**12. Miscellaneous.**

(a) This Agreement is not assignable by the undersigned. This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) This Agreement shall be deemed to have been made in the State of Arizona and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in State of Arizona. The parties hereto hereby consent to personal jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Agreement.



(c) This Agreement contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Agreement shall be effective unless in writing and signed by both parties to this Agreement.

(d) No waiver of any breach of any terms of this Agreement shall be effective unless made in writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall be construed as a waiver of any subsequent breach of that term or of any other term of the same or different nature.

(e) If any provision or portion of this Agreement or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Agreement.

(f) Each of the parties hereto shall cooperate and take such actions, and execute such other documents, at the execution hereof or subsequently, as may be reasonably requested by the other in order to carry out the provisions and purposes of this Agreement.

IN WITNESS WHEREOF, the undersigned, by his or its execution hereof, agrees to be bound by this Agreement.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2010, at \_\_\_\_\_  
(City), \_\_\_\_\_ (State).

**If the Investor is an INDIVIDUAL, complete the following:**

The undersigned (*circle one*): **[is]** **[is not]** a citizen or resident of the United States.

\_\_\_\_\_  
Print Name of Individual:

\_\_\_\_\_  
Print Name of Spouse if Funds are to  
be invested in Joint Name or are  
Community Property:

\_\_\_\_\_  
Print Social Security Number of Individual:

\_\_\_\_\_  
Print Social Security Number of  
Spouse

\_\_\_\_\_  
Signature of Individual

\_\_\_\_\_  
Signature of Spouse if Funds are to be  
Invested in Joint Name or are  
Community Property

\_\_\_\_\_  
Print Address of Residence:

\_\_\_\_\_  
Print Telephone Number:  
(     )

The investor is PARTNERSHIP, CORPORATION, TRUST OR OTHER ENTITY, complete the following:


he undersigned (*circle one*) [is] [is not] a foreign partnership, foreign corporation, trust or foreign estate (as defined in the Internal Revenue Code of 1986, as amended, and the treasury regulations promulgated there under).

Floatron, Inc.

Corporate Officer

Print Name of Partnership, Corporation, Trust or Entity:

Title of Authorized Representative

  
Signature of Authorized Representative

Maricopa County, Arizona  
Print Jurisdiction of Organization or Incorporation

Mark Sherman

Print Name of Authorized Representative

Print Federal Tax Identification Number

Print Address of Residence:

Print Telephone Number:

  
 AZ 

### ACCEPTANCE

The terms of the foregoing, including the subscription described therein, are agreed to and accepted on this \_\_\_\_ day of \_\_\_\_\_, 2010.

C & D Construction Services Inc.

By:

  
Peter A. Salazar Jr.

By Jason T. Mogler limited power of attorney



## EXHIBIT 1

### INVESTOR STATUS

*(Please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity).*

                      
initials

- A. **"Non-accredited Investor"**. The undersigned does not meet the definition of an "Accredited Investor" as defined herein below;

                      
initials

- B. **"Accredited Investor"**. The undersigned is an Accredited Investor as defined below (*check applicable box*):

☐ 1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds One Million (\$1,000,000) Dollars;

☐ 2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of Three Hundred Thousand (\$300,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;

☐ 3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U. S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

☐4. Any private business development company (as defined in Section 202(a) (22) of the Investment Advisers Act of 1940);

☐5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;

☐6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

☐7. Any trust, with total assets in excess of Five Million (\$5,000,000)Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

☐8.\* Any entity in which all of the equity owners are Accredited Investors.

**NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.**

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\* If this box is checked, please indicate on a separate schedule to be attached hereto, the category of Accredited Investor in which each equity owner of such entity is included.

**EXHIBIT B**  
**PROMISSORY NOTE**

---

**EXHIBIT B**

---

**PROMISSORY NOTE**

**THIS NOTE HAS BEEN MADE FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO OR FOR SALE IN CONNECTION WITH THE DISTRIBUTION THEREOF AND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THIS NOTE MAY NOT BE SOLD, TRANSFERRED, OR ASSIGNED ("TRANSFER") UNLESS IT IS SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE AND THE MAKER CONSENTS IN WRITING TO SUCH TRANSFER.**

C & D Construction Services Inc., a Nevada Corporation, with offices at 130 West Owens Avenue, North Las Vegas, Nevada 89030 (the "Maker"), for value received, promises to pay to the Individual and/or legal entity designated in this Note as the "HOLDER," the principal sum of **One Hundred Thousand dollars (\$100,000.00)** with an annualized rate of return of twenty-four percent (24%). Interest shall be due and payable monthly, due on the 1<sup>st</sup> of each month and based on the commencement date of the Note. Initial odd days of interest due will be included in the 1<sup>st</sup> check. The entire Principal shall be due and payable to the Holder no later than twenty-four (24) months from the Commencement Date. Maker may at any time or from time to time make a voluntary prepayment, whether in full or in part, of this Note, without premium or penalty.

**1. NOTES**

This Note in the principal amount of Twenty Five Thousand (\$25,000) Dollars per Note, or any fractional amounts, is offered for sale by the Maker, pursuant to that certain "Private Placement Memorandum" dated October 1, 2010. The Note shall be senior debt of the Maker.

**2. EVENTS OF DEFAULT**

A default shall be defined as one or more of the following events ("Event of Default") occurring and continuing:

(a) The Maker shall fail to pay any interest payment on this Note when due for a period of thirty (30) days after notice of such default has been sent by the Holder to the Maker.

(b) The Maker shall dissolve or terminate the existence of the Maker.

(c) The Maker shall file a petition in bankruptcy, make an assignment for the benefit of its creditors, or consent to or acquiesce in the appointment of a receiver for all or substantially all of its property, or a petition for the appointment of a receiver shall be filed against the Maker and remain unstayed for at least ninety (90) days.

Upon the occurrence of an Event of Default, the Holder of this Note may, by written notice to the Maker, declare the unpaid principal amount and all accrued interest of the Note immediately due and payable.

### **3. SECURITY FOR PAYMENT OF THE NOTE(S)**

The Note(s) offered by the MAKER are secured by property in Nevada and California. The investors are in 1<sup>st</sup> lien position and the properties are free and clear.

### **4. COMMENCEMENT DATE OF THE NOTE**

The Commencement Date of the Note shall be the "Effective Date," as defined in that certain "Subscription Agreement" attached as Exhibit A to the Private Placement Memorandum.

### **5. STATUS OF HOLDER**

The Maker may treat the Holder of this Note as the absolute owner of this Note for the purpose of making payments of principal or interest and for all other purposes, and shall not be affected by any notice to the contrary, unless the Maker so consents in writing.

### **6. SECURITIES ACT RESTRICTIONS**

This Note has not been registered for sale under the Act. This Note may not be sold, offered for sale, pledged, assigned or otherwise disposed of, unless certain conditions are satisfied, as more fully set forth in the Subscription Agreement.

### **7. ATTORNEYS' FEES**

The prevailing party in an action to enforce this Note shall be entitled to reasonable attorneys' fees, costs and collection expense.

### **8. MISCELLANEOUS.**

(a) **Successors and Assigns.** The Holder may not assign, transfer or sell this Note to any party without the express written consent of the Maker. This Note shall be binding upon and shall inure to the benefit of the parties, their



successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.


(b) **Entire Agreement.** This Note contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Note shall be effective unless in writing and signed by both parties to this Note.

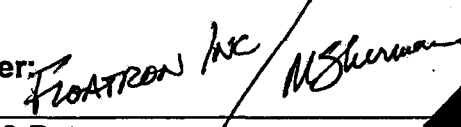
(c) **Notices.** All notices in connection with this Note shall be in writing and personally delivered or delivered via overnight mail, with written receipt there for, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 8) with a copy to C & D Construction Services Inc., 130 West Owens Ave, North Las Vegas, Nevada 89030. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

(d) **Section Headings.** The headings of the various sections of the Note have been inserted as a matter of convenience for reference only and shall be of no legal effect.

(e) **Severability.** If any provision or portion of this Note or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Note.

(f) **Applicable Law.** This Note shall be deemed to have been made in the State of Arizona, and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in the State of Arizona. The parties hereto hereby consent to personal jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Note.

**Maker:**   
Sign & Date  
Jason T. Mogler for Peter A. Salazar Jr  
by Limited POA  
**C & D Construction Services**  
a Nevada Corporation  
130 West Owens Avenue  
North Las Vegas, Nevada 89030

**Holder:**   
Sign & Date M. SHERMAN  
Print Name  
Address: Floatron, Inc.

  
AZ 

**EXHIBIT C**  
**Investor Suitability Questionnaire**

## EXHIBIT C

**C & D Construction Services Inc.**

### **Investor Suitability Questionnaire**

To: Prospective purchasers of Promissory Notes (the "Notes") offered by C & D Construction Services Inc. (the "Company").

The Purpose of this Questionnaire is to solicit certain information regarding your financial status to determine whether you are an "Accredited Investor," as defined under applicable federal and state securities laws, and otherwise meet the suitability criteria established by the Company for purchasing Notes. ***This questionnaire is not an offer to sell securities.***

Your answers will be kept as confidential as possible. You agree, however, that this Questionnaire may be shown to such persons as the Company deems appropriate to determine your eligibility as an Accredited Investor or to ascertain your general suitability for investing in the Notes.

***Please answer all questions completely and execute the signature page***

#### **A. Personal**

1. Name: \_\_\_\_\_

2. Address of Principal Residence: \_\_\_\_\_

\_\_\_\_\_ County: \_\_\_\_\_

3. Residence Telephone: (\_\_\_\_) \_\_\_\_\_

4. Where are you registered to vote? \_\_\_\_\_

5. Your driver's license is issued by the following state: \_\_\_\_\_

6. Other Residences or Contacts: Please identify any other state where you own a residence, are registered to vote, pay income taxes, hold a driver's license or have any other contacts, and describe your connection with such state:

\_\_\_\_\_  
\_\_\_\_\_

7. Please send all correspondence to:

(1) \_\_\_\_\_ Residence Address (as set forth in item A-2)

(2) \_\_\_\_\_ Business Address (as set forth in item B-1)

8. Date of Birth: \_\_\_\_\_

9. Citizenship: \_\_\_\_\_

10. Social Security or Tax I.D. #: \_\_\_\_\_

**B. Occupations and Income**

1. Occupation: \_\_\_\_\_

(a) Business Address: \_\_\_\_\_

(b) Business Telephone Number: (\_\_\_\_\_) \_\_\_\_\_

2. Gross income during each of the last two years exceeded:

(1) \_\_\_\_\_ \$25,000

(2) \_\_\_\_\_ \$50,000

(3) \_\_\_\_\_ \$100,000

(4) \_\_\_\_\_ \$200,000

3. Joint gross income with spouse during each of the last two years exceeded \$300,000

(1) \_\_\_\_\_ Yes

(2) \_\_\_\_\_ No

4. Estimated gross income during current year exceeds:

(1) \_\_\_\_\_ \$25,000

(2) \_\_\_\_\_ \$50,000

(3) \_\_\_\_\_ \$100,000

(4) \_\_\_\_\_ \$200,000

5. Estimated joint gross income with spouse during current year exceeds \$300,000

(1) \_\_\_\_\_ Yes

(2) \_\_\_\_\_ No

**C. Net Worth**

1. Current net worth or joint net worth with spouse (note that "net worth" includes all of the assets owned by you and your spouse in excess of total liabilities, including the fair market value, less any mortgage, of your principal residence.)

(1) \_\_\_\_\_ \$50,000-\$100,000 (2) \_\_\_\_\_ \$100,000-\$250,000 (3) \_\_\_\_\_ \$250,000-\$500,000

(4) \_\_\_\_\_ \$500,000-\$750,000 (5) \_\_\_\_\_ \$750,000-\$1,000,000 (6) \_\_\_\_\_ over \$1,000,000

## PROMISSORY NOTE

**Borrowers:** Jason Mogler of Phoenix, Arizona ; ERC of Nevada LLC; and ERC Compactors LLC of 8800 E. Chaparral #270 Scottsdale, Arizona 85250 (individually and collectively the "Borrowers")


**Lender:** Fuel Fresh, Inc.

**Principal Amount:** \$100,000


1. FOR VALUE RECEIVED, The Borrowers promise to pay to Fuel Fresh, Inc.. at P.O. BOX 51000 Phoenix Arizona 85076, or at such address as may later be provided in writing to the Borrowers, the principal sum of one hundred thousand (\$100,000.00 ) USD, with interest payable on the unpaid principal at the rate of 24 percent per annum, calculated yearly not in advance.
2. This Note will be repaid in 12 consecutive yearly installments of interest only on the anniversary date of the execution of this Note. With any outstanding balance owing under this Note being paid at the end of its term.
3. At any time while not in default under this Note, the Borrowers may pay the outstanding balance then owing under this Note to Fuel Fresh, Inc. without further bonus or penalty.
4. Notwithstanding anything to the contrary in this Note, if the Borrowers default in the performance of any obligation under this Note, then Fuel Fresh, Inc. may declare the principal amount owing and interest due under this Note at that time to be immediately due and payable.
5. This Note will be construed in accordance with and governed by the laws of the State of Arizona.
6. In the case of the Borrowers' default and the acceleration by Fuel Fresh, Inc. of the amount due, all amounts outstanding under this Note will bear interest at the rate of 26 percent per annum from the date of demand until paid.

IN WITNESS WHEREOF the parties have duly affixed their signatures under seal on this 22nd day of August, 2011.

**SIGNED, AND DELIVERED**  
this 22nd day of August, 2011.

  
ERC Compactors LLC by Jason Mogler an  
Authorized Representative

**SIGNED, AND DELIVERED**  
this 22nd day of August, 2011.

  
Fuel Fresh, Inc. by Mark Sherman an  
Authorized Representative



**CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM**

**ERC COMPACTORS LLC**

An Arizona Limited Liability Company

---

**\$1,500,000**

**Minimum Offering Amount: \$90,000**

**\$15,000 per Promissory Note (Unit)**

**MINIMUM PURCHASE - 1 Promissory Note**

**24% Annual Rate of Return**

**Maturity Date: 24 months**

**Interest Paid Monthly After a Ninety (90) Day Interest Deferment Period**

**Redemption at Maturity - \$15,900 per Unit (includes deferred interest)**

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ERC Compactors LLC, an Arizona Limited Liability Company (hereinafter referred to as the "COMPANY"), is offering by means of this Confidential Private Placement Memorandum a minimum of Six (6) and a maximum of One Hundred (100) secured Promissory Notes ("Notes") at an offering price of Fifteen Thousand (\$15,000) Dollars per Note, for a minimum of Ninety Thousand Dollars (\$90,000) and a maximum total of One Million Five Hundred Thousand Dollars (\$1,500,000) to qualified investors who meet the Investor Suitability Requirements set forth herein (see "INVESTOR SUITABILITY REQUIREMENTS"). Each Investor must agree to purchase the Notes, as a lender to the Company, for investment purposes only, and execute a Subscription Agreement in the form contained in the accompanying Subscription Booklet (see "TERMS OF THE OFFERING").

**THESE SECURITIES ARE SPECULATIVE AND INVESTMENT  
IN THE NOTES INVOLVES A DEGREE OF RISK  
(SEE "RISK FACTORS")**

	<b>Offering Price</b>	<b>Selling Commissions</b>	<b>Proceeds to Company</b>
<b>Per Unit</b>	\$15,000	\$1,500	\$13,500
<b>Minimum Units</b>	\$90,000	\$9,000	\$81,000
<b>Maximum Units</b>	\$1,500,000	\$150,000	\$1,350,000

**ERC Compactors LLC**

8800 E. Chaparral Road, Suite 270

Scottsdale, AZ 85250

Telephone: (480) 278-7031

Facsimile: (480) 278-8979

The date of this Private Placement Memorandum is August 8, 2011



ACC012075  
FILE #8337

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## **IMPORTANT NOTICES**

This Confidential Private Placement Offering Memorandum ("Memorandum") is submitted to you on a confidential basis solely for the purpose of evaluating the specific transaction described herein. This information shall not be photocopied, reproduced or distributed to others without the prior written consent of ERC Compactors LLC ("Company"). If the recipient determines not to purchase any of the Notes offered hereby, it will promptly return all material received in connection herewith without retaining any copies.

## **DISCLAIMERS**

THE NOTES OFFERED HEREBY IN THIS OFFERING MEMORANDUM HAVE NOT BEEN REGISTERED WITH, OR APPROVED, BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, NOR HAVE SUCH NOTES OR THIS MEMORANDUM BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL OF ANY STATE OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE. THIS OFFERING IS BASED ON THE EXEMPTION FROM SUCH REGISTRATION AS SET FORTH IN §4(2) AND RULE 506 OF REGULATION D OF THE SECURITIES ACT OF 1933, AS AMENDED.

THE INVESTMENT DESCRIBED IN THIS MEMORANDUM INVOLVES RISKS, AND IS OFFERED ONLY TO INDIVIDUALS WHO CAN AFFORD TO ASSUME SUCH RISK FOR AN INDEFINITE PERIOD OF TIME AND WHO AGREE TO PURCHASE THE NOTES ONLY FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TOWARD THE TRANSFER, RESALE, EXCHANGE OR FURTHER DISTRIBUTION THEREOF. THERE WILL BE NO PUBLIC MARKET FOR THE NOTES ISSUED PURSUANT TO THIS OFFERING MEMORANDUM. THE RESALE OF THE NOTES ARE LIMITED BY FEDERAL AND STATE SECURITIES LAWS AND IT IS THEREFORE RECOMMENDED THAT EACH POTENTIAL INVESTOR SEEK COUNSEL SHOULD THEY DESIRE MORE INFORMATION.

THE PRICE OF THE NOTES AS DESCRIBED IN THIS OFFERING MEMORANDUM HAS BEEN ARBITRARILY DETERMINED BY THE SPONSORS OF THIS INVESTMENT, AND EACH PROSPECTIVE INVESTOR SHOULD MAKE AN



INDEPENDENT EVALUATION OF THE FAIRNESS OF SUCH PRICE UNDER ALL THE CIRCUMSTANCES AS DESCRIBED IN THE ATTACHED OFFERING MEMORANDUM.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION IN CONNECTION WITH THIS MEMORANDUM, EXCEPT SUCH INFORMATION AS IS CONTAINED OR REFERENCED IN THIS MEMORANDUM. ONLY INFORMATION OR REPRESENTATIONS CONTAINED OR REFERENCED HEREIN MAY BE RELIED UPON AS HAVING BEEN MADE BY THE COMPANY. PROSPECTIVE INVESTORS WHO HAVE QUESTIONS CONCERNING THE TERMS AND CONDITIONS OF THIS PRIVATE OFFERING MEMORANDUM OR WHO DESIRE ADDITIONAL INFORMATION OR DOCUMENTATION TO VERIFY THE INFORMATION CONTAINED HEREIN SHOULD CONTACT THE COMPANY. PROJECTIONS OR FORECASTS CONTAINED IN THIS PRIVATE OFFERING MEMORANDUM, OR OTHER MATERIALS, MUST BE VIEWED ONLY AS ESTIMATES. ALTHOUGH ANY PROJECTIONS CONTAINED IN THIS MEMORANDUM ARE BASED UPON ASSUMPTIONS WHICH THE COMPANY BELIEVES TO BE REASONABLE, THE ACTUAL PERFORMANCE OF THE COMPANY MAY DEPEND UPON FACTORS BEYOND THE CONTROL OF THE COMPANY. NO ASSURANCE CAN BE GIVEN THAT THE COMPANY'S ACTUAL PERFORMANCE WILL MATCH ITS INTENDED RESULTS.

## **1. SUMMARY OF THE OFFERING**

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY MORE DETAILED INFORMATION THAT MAY APPEAR ELSEWHERE IN THIS PRIVATE PLACEMENT MEMORANDUM. EACH PROSPECTIVE INVESTOR IS URGED TO READ THIS PRIVATE OFFERING MEMORANDUM IN ITS ENTIRETY.

ERC Compactors LLC (the "Company") was formed on August 3, 2011 as an Arizona Limited Liability Company. The Company is in the business of cardboard recycling on site at commercial properties.

The Securities offered are One Hundred (100) Notes issued by the Company at Fifteen Thousand (\$15,000) Dollars per Note, payable in cash at the time of subscription (see "Exhibit B" for copy of Promissory Note). The minimum purchase is one (1) Note. The Notes have an annual rate of return of Twenty-Four (24%) percent simple interest with a maturity date of Twenty-Four (24) months from the Commencement Date of each Note.

Principal and Interest shall be paid as follows:

Principal: Principal shall be paid at maturity. The maturity date is Twenty-Four (24) months from the Commencement Date of each Note.

Interest: Since there is a delivery period of approximately Ninety (90) days between the equipment purchase date and equipment delivery date, the first Ninety (90) days of interest will be deferred. The deferred interest (\$300 per month or \$900 for 90 days) will be added onto the note's principal amount of \$15,000. The new principal balance of the Note on the Ninety-First (91st) day after the Commencement Date will be Fifteen Thousand Nine Hundred (\$15,900) dollars. Interest will be calculated on the combined amount of Fifteen Thousand Nine Hundred (\$15,900) and will be paid monthly commencing in the Fourth (4<sup>th</sup>) month.

The notes will be secured by the equipment/compactors purchased.

None of the Notes are convertible to Membership Units, or other type of equity, in the Company. The Principal may be prepaid, at the sole discretion of the Company, without a prepayment penalty. This offering will commence on August 8, 2011, and will terminate no later than August 7, 2012, unless extended by the Company (see "TERMS OF THE OFFERING").

The gross proceeds of the offering will be a minimum of Ninety Thousand (\$90,000) Dollars and a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars. The use of the proceeds is to purchase compactor equipment to be installed at commercial locations (see "USE OF PROCEEDS").

## **2. THE COMPANY**

ERC Compactors LLC (the "Company") was formed in August 3, 2011, as an Arizona Limited Liability Company. At the date of this offering, One Thousand (1,000) of the Company's Membership Units were authorized, issued and outstanding. The Company is in the business of recycling.

## **2.1 OPERATIONS**

ERC Compactors LLC is a new division of ERC which acquired C&D Construction Services Corporation. C&D Construction Services has been in recycling business for over ten years.

While ERC Compactors LLC is a new divisional venture and has yet to commence operations, it is in the same business and augments the company's recycling business. ERC Compactors LLC will supply a new source of commodities from new accounts such as strip malls.

For a complete discussion on the company's philosophy and operations, please see "Exhibit D - it's business plan".

## **2.2 BUSINESS PLAN**

ERC of Nevada LLC's business plan, included as Exhibit D of this Memorandum, was prepared by the Company using assumptions set forth in the Business Plan, including several forward looking statements. Each prospective investor should carefully review the business plan before purchasing Notes. Management makes no representations as to the accuracy or achievability of the underlying assumptions and projected results contained herein.

## **3. MANAGEMENT**

### **3.1 LLC MANAGERS**

The success of the company is dependent upon the services and expertise of existing management. At the present time, the following individuals are actively involved in the management of the Company:

#### **Jason Todd Mogler - President and Principal**

Jason Todd Mogler, partner of Tri-Core Companies, has twenty plus years of marketing experience in both domestic and international markets.

An Arizonan native, his family has been in the construction business since 1940 his grandfather Roger Krants was a general contractor who completed several major commercial and residential ventures. You could say that development is in Jason's blood since blood.

Jason's practical work experience include the position of Director of Construction Lending for Republic Mortgage, and the Director of Construction Lending for the prestigious Royal Bank of Canada, his extensive work experience gives him thorough knowledge of construction lending and banking operations.

Mr. Mogler has an impressive academic resume at Arizona State University where he holds a Bachelor of Science degree with a major in marketing and a minor in psychology. His master studies with Thunderbird American Graduate School of International Management give him an international understanding of business strategies and marketing position.

Jason has also been celebrated for his philanthropy with numerous organizations both in Arizona and throughout the country. Mr. Mogler has a very long reputation for honest business practices and fair dealings with all people both personally and professionally.

**Peter A. Salazar: Chief Executive Officer:**

Bachelor in Environmental Science - 2000

2000 - Founder of C&D Construction Services Inc - Construction Clean Up Company

2001- Co-Founder with Brother Luis Salazar of Starwood Lumber Products - Dimensional Lumber Products

2002 - Expanded C&D Construction Services Inc - Roll Off Division

2003 - Founder of Liberty Salvage Materials - Recycling Division of C&D Construction Services Inc.

2008 - 2010 - Nevada Recyclers Association - President

2009 - Liberty Salvage Materials - Environmental Business Journal - Achievement Award

**Jim Hinkeldey - Vice President and Principal**

Jim Hinkeldey possesses thirty-five years of banking and financial experience including portfolio management, joint venture management, and all aspects of the mortgage banking profession for select regional New York banks.

Mr. Hinkeldey spearheaded the Joint Venture division at Richmond Hill Savings Bank in New York. He was responsible for land acquisition through project conclusion which included the delivery of completed developments in a timely and cost efficient, profitable manner.

Mr. Hinkeldey also managed a mortgage backed portfolio. He successfully rearranged the structure of the portfolio to meet asset/liability re-pricing demands. His concept creation resulted in a portfolio that meet re-pricing sensitivity models while delivering positive bottom line results.

Mr. Hinkeldey's business philosophy is based on total enterprise engagement, accountability, and the deliverability of profitable projects. Mr. Hinkeldey's philosophy is that the client and his investment or requirements come first and are paramount to each success.

## **4. TERMS OF THE OFFERING**

### **4.1 GENERAL TERMS OF THE OFFERING**

This Private Offering Memorandum is offering a minimum of Six (6) and a maximum of One Hundred (100) Notes at Fifteen Thousand (\$15,000) Dollars per Note, for a minimum of Ninety Thousand (\$90,000) Dollars and a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars to a select group of Investors who satisfy the Investor Suitability Requirements (see "INVESTOR SUITABILITY REQUIREMENTS"). The Company has the authority to sell fractional Notes at its sole discretion. The Company has set a minimum offering proceeds figure of \$90,000 (the "minimum offering proceeds") for this Offering.

### **4.2 MINIMUM OFFERING AMOUNT - HOLDING ACCOUNT**

The Company has established an Investment Holding Account with Wells Fargo Bank, into which the minimum offering proceeds will be placed. At least Six (6) Notes must be sold for \$90,000 before such proceeds will be released from the holding account and utilized by the Company. After the minimum number of Notes is sold, all subsequent proceeds from the sale of Notes will be delivered directly to the Company.

### **4.3 NONTRANSFERABILITY OF NOTES**

The Notes have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), and are being offered in reliance upon an exemption under §4(2) and Rule 506 of Regulation D of the Securities Act, as amended, and rules and regulations hereunder. The Notes have not been registered under the securities laws of any state and will be offered pursuant to an exemption from registration in each state. A purchaser may transfer or dispose of the Note only if such Notes are subsequently registered under the Securities Act, or if an exemption from registration is available, and pursuant to an opinion of counsel acceptable to the Company and its counsel to the effect that the Notes may be transferred without violation of the registration requirements of the Securities Act or any other securities laws.

### **4.4 CLOSING OF THE OFFERING**

The Notes are offered and closed only when a properly completed Subscription Agreement (Exhibit A); Note (Exhibit B), and Investor Questionnaire (Exhibit C) are submitted by the investing Subscriber or his/her Investor Representatives and are received and accepted by the Company. The Subscription Agreement as submitted by an investing Subscriber or his/her Investor Representatives shall be binding once the Company signs the Subscription Agreement, Note and the funds delivered by the potential Investor to the Company with the Subscription Agreement has been cleared by the financial institution in which they are deposited by the Company. The Notes will be delivered to qualified Investors upon acceptance of their subscriptions. All funds collected from investing Subscribers will be deposited in a designated account under the control of the Company. Investors subscribing to the Notes may not withdraw or revoke their subscriptions at any

time prior to acceptance by the Company, except as provided by certain state laws, or if more than Twenty (20) days have passed after receipt of the Subscription Agreement by the Company without the Company accepting the Investor's funds and delivering all applicable documents to such Investor. The proceeds of this Offering will be used only for the purpose set forth in this Private Offering Memorandum (see "USE OF PROCEEDS").

The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon reaching the minimum offering amount of Ninety Thousand (\$90,000) Dollars.

2. Upon receipt of the maximum Offering subscription amount of One Million Five Hundred Thousand (\$1,500,000) Dollars.

3. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding Twenty (20) days thereafter to which the Company, in its sole discretion, may extend this Offering.

## **5. PLAN OF DISTRIBUTION**

### **5.1 OFFERING OF NOTES**

The Notes will be offered to prospective lenders by Officers and Directors of the Company and qualified licensed personnel, pursuant to State and Federal security rules and regulations. This Offering is made solely through this Private Placement Memorandum and without any form of general solicitation or advertising. The Company and its Officers and Directors or other authorized personnel will use their best efforts during the Offering period to find eligible Investors who desire to subscribe to the Notes in the Company. These Notes are offered on a "best efforts" basis, and there is no assurance that any or all of the Notes will be closed. The Company has the authorization to offer fractional Notes at its sole discretion. The Offering period will begin as of the date of this private Offering Memorandum and will close upon the happening of such occurrences as defined herein (see "TERMS OF THE OFFERING").

### **5.2 PAYMENTS TO BROKER DEALERS OR INVESTMENT ADVISORS**

The Company has the power to pay fees or commissions to qualified Broker Dealers, Registered Investment Advisors or any other person qualified under other applicable federal and state security laws.

## **6. DESCRIPTION OF NOTES**

### **6.1 NOTES**

The Company is offering One Hundred (100) Notes of the Company to potential investors at Fifteen Thousand (\$15,000) Dollars per Note, payable in cash at the time of the subscription. The minimum purchase is one (1) note. The Notes will have an annual rate of return of Twenty-Four (24%) percent simple interest over the term thereof, with a maturity date of Twenty-Four (24) months from the Commencement Date of each Note.

Principal and Interest shall be paid as follows:

Principal: Principal shall be paid at maturity. The maturity date is Twenty-Four (24) months from the Commencement Date of each Note.

Interest: Since there is a delivery period of approximately Ninety (90) days between the equipment purchase date and equipment delivery date, the first Ninety (90) days of interest will be deferred. The deferred interest (\$300 per month or \$900 for 90 days) will be added onto the note's principal amount of \$15,000. The new principal balance of the Note on the Ninety-First (91) day after the Commencement Date will be Fifteen Thousand Nine Hundred (\$15,900) dollars. Interest will be calculated on the combined amount of Fifteen Thousand Nine Hundred (\$15,900) dollars and will be paid monthly commencing in the Fourth (4<sup>th</sup>) month.

The notes will be secured by the equipment/compactors purchased.

The principal and any interest due on said principal may be prepaid at the sole discretion of the Company, without a prepayment penalty.

The Notes will be issued in the form attached hereto and incorporated herein by reference as though set forth in full herein as **Exhibit B**.

### **6.2 SECURITY FOR PAYMENT OF THE NOTES**

The Notes being offered by the Company in this Private Placement Offering will be secured by the equipment/compactors purchased.

### **6.3 REPORTS TO NOTEHOLDERS**

The Company will furnish annual unaudited reports to its Note holders ninety (90) days after its fiscal year. The Company may issue other interim reports to its Note holders as it deems appropriate. The Company's fiscal year ends on December 31<sup>st</sup> of each year.

## **7. USE OF PROCEEDS**

The gross proceeds of the Offering will be a minimum of Ninety Thousand (\$90,000) Dollars and a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars. The table below sets forth the use of proceeds for both the maximum and minimum offering amounts.

#### Sources

	Maximum Amount	Percent of Proceeds	Minimum Amount	Percent of Proceeds
<b>Proceeds From Sale of Notes</b>	\$1,500,000	100%	\$90,000	100%

#### Application of Proceeds

Offering Expenses (1)	\$ 5,000	0.33%	\$ 5,000	5.56%
Commissions (2)	\$ 150,000	10.00%	\$ 9,000	10.000%
<b>Total Offering Expenses &amp; Fees</b>	<b>\$ 155,000</b>	<b>10.33%</b>	<b>\$ 14,000</b>	<b>15.56%</b>
<b>Net Offering Proceeds (3)</b>	<b>\$ 1,345,000</b>	<b>89.67%</b>	<b>\$ 76,000</b>	<b>84.44%</b>
<b>Total Application of Proceeds</b>	<b>\$ 1,500,000</b>	<b>100%</b>	<b>\$ 90,000</b>	<b>100%</b>

#### Footnotes:

(1) Includes estimated memorandum preparation, filing, printing, legal, accounting and other fees and expenses related to the Offering

(2) This Offering is being sold by the officers and directors of the Company, who will not receive any compensation for their efforts. No sales fees or commissions will be paid to such officers or directors. Notes may be sold by registered brokers or dealers who are members of the NASD and who enter into a Participating Dealer Agreement with the Company. Such brokers or dealers may receive commissions up to ten percent (10%) of the price of the Notes sold.

(3) Net offering proceeds available for the purchase of compactors/equipment.

## 8. CAPITALIZATION STATEMENT

### 8.1 CAPITALIZATION PRIOR TO AND AFTER THE OFFERING

The following table summarizes the capitalization of the Company prior to, and as adjusted to reflect, the issuance and sale of the maximum of One Hundred (100) Notes or One Million Five Hundred Thousand (\$1,500,000) Dollars.



	AS ADJUSTED 08/03/2011	AFTER THE OFFERING
Notes	<u>-0-</u>	<u>\$1,500,000</u>
Membership Units \$.10 par value, 1,000 Units authorized, 1000 Units issued and outstanding	\$100	\$100
Net Members Equity	\$100	\$100
TOTAL CAPITALIZATION	<u>\$100</u>	<u>\$1,500,100</u>

## **9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

### **9.1 RESULTS OF OPERATIONS**

The Company has yet to commence compactor operations.

### **9.2 LIQUIDITY AND CAPITAL RESOURCES**

The Company's liquidity and capital resources are dependent on its ability to raise sufficient capital to pay for the purchase price of the Promissory Notes.

## **10. CERTAIN TRANSACTIONS**

### **10.1 ARIZONA LIMITED LIABILITY CORPORATION**

ERC Compactors LLC is a privately held Arizona Limited Liability Company, formed on August 3, 2011.

### **10.2 PRIVATE OFFERING OF NOTES**

The Company is authorized to offer in this private offering, up to One Million Five Hundred Thousand (\$1,500,000) Dollars of Notes to selected investors, effective on August 8, 2011.

## **11. FIDUCIARY RESPONSIBILITIES OF THE DIRECTORS AND OFFICERS OF THE COMPANY**

### **11.1 GENERAL**

The Officers and Directors of the Company are accountable to the Company as fiduciaries and such Officers and Directors are required to exercise good faith and integrity in managing the Company's affairs and policies. Each Note holder of the Company, or their duly authorized representative, may inspect the books and records of the Company at any time during normal business hours. A Note holder may be able to bring an action on behalf of himself in the event the Note holder has suffered losses in connection with the purchase or sale of the Note(s) in the Company, due to a breach of fiduciary duty by an Officer or Director of the Company, in connection with such sale or purchase, including the misrepresentation or misapplication by any such Officer or Director of the proceeds from the sale of these Notes, and may be able to recover such losses from the Company.

### **11.2 INDEMNIFICATION**

Indemnification is permitted by the Company to directors, officers or controlling persons pursuant to Arizona law. Indemnification includes expenses, such as attorneys' fees and, in certain circumstances, judgments, fines and settlement amounts actually paid or incurred in connection with actual or threatened actions, suits or proceedings involving such person and arising from their relationship with the Company, except in certain circumstances where a person is adjudged to be guilty of gross negligence or willful misconduct, unless a court of competent jurisdiction determines that such indemnification is fair and reasonable under the circumstances.

## **12. RISK FACTORS**

THIS INVESTMENT INVOLVES A DEGREE OF RISK. AN INDIVIDUAL CONTEMPLATING INVESTMENT IN THIS OFFERING SHOULD GIVE CAREFUL CONSIDERATION TO THE ELEMENTS OF THE RISK SUMMARIZED BELOW, AS WELL AS THE OTHER RISK FACTORS IDENTIFIED ELSEWHERE IN THIS PRIVATE OFFERING MEMORANDUM.

### **12.1 FORMATION OF THE COMPANY**

The Company was formed on August 3, 2011. It is therefore subject to all the risks inherent in the creation of a new Company. Unforeseen expenses, complications and delays may occur with a new Company.

## **12.2 CONTROL BY COMPANY**

After completion of this offering, the Company will own one hundred percent (100%) of the issued and outstanding Membership Units. Such ownership will enable the Company to continue to elect all the Managers and to control the Company's policies and affairs. The Note holders will not have any voting rights in the Company.

## **12.3 RELIANCE ON THE COMPANY FOR MANAGEMENT**

All decisions with respect to the management of the Company will be made exclusively by the Managers of the LLC. The Note holders do not have the right or power to take part in the management of the Company. Accordingly, no person should purchase a Note unless he is willing to entrust all aspects of the management of the Company to existing Management.

## **12.4 LIMITED TRANSFERABILITY OF THE NOTES**

The transferability of the Notes in this offering are limited, and potential investors should recognize the nature of their investment in the offering. It is not expected that there will be a public market for the Notes because there will be only a limited number of investors and restrictions of the transferability of Notes. The Notes have not been registered under the Securities Act of 1933, as amended, or qualified or registered under the securities laws of any state and, therefore, the Notes cannot be resold unless they are subsequently so registered or qualified or an exemption from such registration is available. The offering also contains restrictions on the transferability of the Notes. Accordingly, purchasers of Notes will be required to hold such Notes to maturity unless otherwise approved by the Company. The Company does not intend to register the Notes under the Securities Act of 1933.

## **12.5 CAPITALIZATION OF THE COMPANY**

Prior to this offering, the Company was funded by its principals. Independent of the amounts raised in this offering, presently the Company does not have any other assets available to use to pay principal or interest on the Notes.

## **12.6 REGULATIONS**

The Company is subject to various federal and state laws, rules and regulations. The Company believes it is in full compliance with any and all applicable laws, rules and regulations.

## **12.7 U.S. ECONOMY**

The Company is subject to the U.S. Economy and its effect on consumer confidence and spending.

## **12.8 FORCE MAJEURE**

Neither party shall be liable in damages or have the right to terminate this Agreement for any delay or default in performing hereunder if such delay or default is caused by conditions beyond its control including, but not limited to Acts of God, Government restrictions (including the denial or cancellation of any export or other necessary license), wars, insurrections and/or any other cause beyond the reasonable control of the party whose performance is affected.

## **13. PRINCIPAL SHAREHOLDERS**

As of the date of this Offering, the Company has One Thousand (1,000) Membership Units issued and outstanding to Jason Todd Mogler and James Hinkeldey.

## **14. HOW TO INVEST**

An Investor who meets the qualifications as set forth in this Private Offering Memorandum may subscribe for at least the minimum purchase herein of One (1) Note (Fifteen Thousand (\$15,000) Dollars) by carefully reading this entire Private Offering Memorandum and by then completing and signing a separately bound booklet. This booklet contains identical copies of the following exhibits contained in the Private Offering Memorandum, including:

- Exhibit A      INSTRUCTIONS TO SUBSCRIBERS and SUBSCRIPTION AGREEMENT: This contains complete instructions to Subscribers and should be read in its entirety by the prospective investor prior to investing. The Subscription Agreement must be signed by the Investor.
- Exhibit B      PROMISSORY NOTE: This Note will be signed by ERC Compactors LLC.
- Exhibit C      INVESTOR QUESTIONNAIRE: This questionnaire requires a Subscriber to complete a financial history in order to aid the Company in the determination of the suitability of the Subscriber as a potential Investor. This questionnaire must be signed by the Investor.
- Exhibit D      ERC Nevada LLC Business Plan

Copies of all the above referenced documents are included with this Private Placement Memorandum. For discussion of the actions of the Company upon receipt of a properly completed request to invest by a Subscriber, please see "TERMS OF THE OFFERING." Such Investor should include his check made payable to ERC

COMPACTORS LLC, along with the SUBSCRIPTION AGREEMENT, NOTE, AND INVESTOR QUESTIONNAIRE. Delivery of the documents referred to above, together with a check to the Company should be addressed to the Company as follows: ERC Compactors LLC, 8800 E. Chaparral Road., Suite 270, Scottsdale, AZ 85250.

## **15. INVESTOR SUITABILITY REQUIREMENTS**

### **15.1 INTRODUCTION**

Potential Investors should have experience in making investment decisions or such Investors should rely on their own tax consultants or other qualified investment advisors in making this investment decision.

### **15.2 GENERAL SUITABILITY**

Each potential Investor will be required to represent the following by execution of a Subscription Agreement:

1. The Investor has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in this Offering.
2. The Investor has the ability to bear the economic risk of this investment, has adequate means to provide for his, her or its current needs and personal contingencies, has no need for liquidity in this investment and could afford the complete loss of the investment.
3. The Investor is acquiring the Note(s) for his, her or its own account for investment purposes only and not with a view toward subdivision, resale, distribution or fractionalization thereof, or for the account of others, and has no present intention of selling or granting any participation in, or otherwise distributing, the Note(s).
4. The Investor's overall commitment to invest in the Note(s) is not disproportionate to his, her or its net worth and the investment in these Note(s) will not cause such overall commitment to become excessive.
5. The Investor has read and understands this Private Placement Memorandum and all its exhibits.

### **15.3 NONACCREDITED INVESTORS**

Up to and including thirty-five (35) investing Subscribers may be accepted by the Company as suitable Investors if each such Subscriber has a net worth sufficient to

bear the risk of losing his entire investment and meets the above "General Suitability Standards."

#### **15.4 ACCREDITED INVESTORS**

In addition to satisfying the "General Standards" as defined above, all but thirty-five (35) Subscribers for Shares must each satisfy one of the "Accredited Investors" economic suitability standards as defined below:

1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds Five Hundred Thousand (\$500,000) Dollars;
2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of One Hundred Thousand (\$100,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;
3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
4. Any private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940);
5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;
6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

8. Any entity in which all of the equity owners are Accredited Investors.

NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.

#### **15.5 ACCEPTANCE OF SUBSCRIPTION AGREEMENT BY THE COMPANY**

The Investor Suitability Requirements referred to in this section represent minimum requirements for potential Investors. Satisfaction of these standards does not necessarily mean that participation in this Offering constitutes a suitable investment for such a potential Investor or that the potential Investors' Subscription will be accepted by the Company. The Company may, in fact, modify such requirements as circumstances dictate. All Subscription Agreements submitted by potential Investors will be carefully reviewed by the Company to determine the suitability of the potential Investor in this Offering. The Company may, in its sole discretion, refuse a Subscription in this Offering to any potential Investor who does not meet the applicable Investor Suitability Requirements or who otherwise appears to be an unsuitable Investor in this Offering. The Company will not necessarily review or accept a Subscription Agreement in the sequential order in which it is received. The Company also has the discretion to maximize the number of Accredited Investors in this Offering and, as a result, may accept less than thirty-five (35) Non-accredited Investors in this Offering.

#### **16. LITIGATION**

The Company and its Managers have no lawsuits pending, no legal actions pending or judgments entered against the Company or Managers and, to the best knowledge of the Company, no legal actions are contemplated against the Company and/or its Managers.

#### **17. ADDITIONAL INFORMATION**

Reference materials described in this Private Offering Memorandum are available for inspection at the office of the company during normal business hours. It is the intention of the Company that all potential investors are given full access to such information for their consideration in determining whether to purchase the Notes being offered. Prospective Investors should contact the Company for access to information regarding the matters set

forth or other information concerning the Company. Representatives of the Company will also answer all inquiries from potential Investors concerning the Company and any matters relating to its proposed operations or present activities. The Company will afford potential Investors and their representatives the opportunity to obtain any additional information reasonably necessary to verify the accuracy or the source of any representations or information contained in this Private Offering Memorandum. All contracts entered into by the Company are subject to modifications and the Company may make any changes in any such contracts as deemed appropriate in its best discretion. Such recent amendments may not be circulated to Subscribers prior to the time of closing this Offering. However, potential Investors and their representatives may review such material or make inquiry of the Company concerning any of these and any other matters of interest.

## **18. FORECASTS OF FUTURE OPERATING RESULTS**

Any forecasts and proforma financial information which may be furnished by the Company to prospective Investors or which are part of the Company's business plan, are for illustrative purposes only and are based upon assumptions made by Management regarding hypothetical future events. There is no assurance that actual events will correspond with the assumptions or that factors beyond the control of the Company will not affect the assumptions and adversely affect the illustrative value and conclusions of any forecasts.

## **19. GLOSSARY OF TERMS**

The following terms used in this Memorandum shall (unless the context otherwise requires) have the following respective meanings:

**ACCEPTANCE.** The acceptance by the Company of a prospective investor's subscription.

**ACCREDITED INVESTORS.** Those investors who meet the criteria set forth in "INVESTOR SUITABILITY REQUIREMENTS."

**BROKER-DEALER.** A person or firm licensed with the NASD, the SEC and with the securities or corporate commissions department of the state in which it sells investment securities and who may employ licensed agents for that purpose.

**COMPANY.** Refers to ERC COMPACTORS LLC, an Arizona Limited Liability Company.

**NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. (NASD).** A self-regulating body which licenses brokers and dealers handling securities offerings, reviews the terms of an offering's underwriting arrangements and



advertising literature and, while not a governmental agency, acts as a review service watchdog to make sure that its regulations and those of the SEC are followed for the Investor's protection in offerings of securities.

**NOTES.** A Fifteen Thousand (\$15,000) Dollar investment consisting of one (1) Promissory Note issued by **ERC COMPACTORS LLC**, an Arizona Limited Liability Company.

**SECURITIES ACT OF 1933.** A federal act regulated and enforced by the SEC that requires, among other things, the registration and use of a prospectus whenever a security is sold (unless the security or the manner of the Offering is expressly exempt from such registration process).

**SECURITIES EXCHANGE ACT OF 1934.** A federal act regulated and enforced by the SEC which supplements the Securities Act of 1933 and contains requirements which were designed to protect investors and to regulate the trading (secondary market) of securities. Such regulations require, among other things, the use of prescribed proxy statements when investors' votes are solicited; the disclosure of management and large shareholders' holding of securities; controls on the resale of such securities; and periodic (monthly, quarterly, annually) filing with the SEC of financial and disclosure reports of the Issuer.

**SECURITIES AND EXCHANGE COMMISSION (SEC).** An independent United States government regulatory and enforcement agency which supervises investment trading activities and registers companies and those securities which fall under its jurisdiction. The SEC also administers statutes to enforce disclosure requirements that were designed to protect investors in securities offerings.

**SUBSCRIPTION DOCUMENTS.** Consists of the Note, Subscription Agreement, Investor Questionnaire and a check as payment for the Note(s) to be purchased submitted by each prospective Investor to the Company.

**TERMINATION DATE.** The earlier to occur of the date on which all Notes are sold or August 7, 2012.

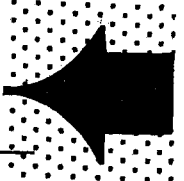
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20. ACKNOWLEDGMENT

By signing below, the undersigned acknowledges that he/she has read and understood this entire Private Placement Memorandum.

M. Sherman  
Signature

8/22/2011  
Date



Mark Sherman / FUEL FRESH INC  
Print Name

**EXHIBIT A**  
**SUBSCRIPTION AGREEMENT**

**Print Name of Subscriber:** Fuel Fresh, Inc.

**Amount Loaned:** \$100,000.00

**Number of Notes:** 6.6

**ERC COMPACTORS LLC**  
**SUBSCRIPTION DOCUMENTS**

**OFFERING OF A MINIMUM OF SIX (6)  
AND A  
MAXIMUM OF ONE HUNDRED (100)  
SECURED PROMISSORY NOTES**  
**FIFTEEN THOUSAND (\$15,000) DOLLARS PER NOTE**

**AUGUST 8, 2011**

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**SUBSCRIPTION INSTRUCTIONS**  
**(please read carefully)**

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Each subscriber for the secured Promissory Notes, Fifteen Thousand (\$15,000) Dollars per Note (the "Notes") of ERC Compactors LLC, an Arizona Limited Liability Company ("the Company"), must complete and execute the Subscription Documents in accordance with the instructions set forth below. The completed documents should be sent to ERC Compactors LLC, 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250.

**Payment for the Securities should be made by check payable to the Company and enclosed with the documents as directed in Section III below.**

- I. These Subscription Documents contain all of the materials necessary for you to purchase the Notes. This material is arranged in the following order:
  - Subscription Agreement
  - Promissory Note
  - Confidential Prospective Purchaser's Questionnaire
- II. All investors must complete in detail, date, initial, and sign the Subscription Documents where appropriate. All applicable sections must be filled in.
- III. Payment for the Notes must be made by check as provided below:

Please make your check payable, in the appropriate amount, for the number of Notes purchased (at Fifteen Thousand (\$15,000) per Note), to **"ERC Compactors LLC"**. Your check should be enclosed with your signed subscription documents.

All funds received from subscribers will be placed in a segregated Holding Account of the Company. Once the minimum offering amount has been reached the funds will be transferred to the Company's operating account and will be available for use.

#### **IV SPECIAL INSTRUCTIONS**

**FOR CORPORATIONS.** Include copy of Board resolution designating the corporate officer authorized to sign on behalf of the corporation, a Board resolution authorizing the investment, and financial statements.

**FOR PARTNERSHIPS.** Provide a complete copy of the partnership agreement, questionnaire, and financial statements for each General Partner.

**FOR TRUSTS.** Provide a complete copy of the instruments or agreements creating the trust, as amended to date.

**Print Name of Subscriber:** Fuel Fresh, Inc.

**Amount Loaned:** \$100,000.00

**Number of Notes:** 6.6

**Subscription Agreement**

To: ERC Compactors LLC  
8800 E. Chaparral Road  
Suite 270  
Scottsdale, AZ 85250

Gentlemen:

**1. Subscription.** The undersigned hereby subscribes for 6.6 Notes of ERC Compactors LLC (the "Company"), an Arizona Limited Liability Company, and agrees to loan to the Company Fifteen Thousand (\$15,000) Dollars per Note for an aggregate loan of \$100,000.00 (the "Loan Amount") upon the terms and subject to the conditions (a) set forth herein, and (b) described in the Confidential Private Placement Memorandum ("Private Placement Memorandum") dated August 8, 2011 together with all exhibits thereto and materials included therewith, and all supplements, if any, related to this offering. The minimum loan is Fifteen Thousand (\$15,000) Dollars, but the Company has the discretion to offer fractional Notes for loans less than the minimum.

**2. Note Offering.** The Company is offering a minimum of Six (6) and up to a maximum of One Hundred (100) Notes at Fifteen Thousand (\$15,000) Dollars per Note, with a minimum subscription of one (1) Note (the "Offering"). The minimum aggregate loan to the Company will be Ninety Thousand (\$90,000) Dollars and the maximum aggregate loan to the Company from this Offering will be One Million Five Hundred Thousand (\$1,500,000) Dollars. The Offering is being made to a limited number of investors pursuant to an exemption available under the Securities Act of 1933 (the "Act"), specifically Rule 506 promulgated under Regulation D, and under certain other laws, including the securities law of certain states.

**3. Documents to be Delivered.** The undersigned is delivering to the Company executed copies of this Subscription Agreement (the "Agreement"), the Note(s), Offeree Questionnaire, and all other applicable exhibits and documents (the "Subscription Documents"). The Subscription Documents should be delivered to ERC Compactors LLC, at 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250. The undersigned understands and agrees that he or it will not become a "Holder" of the Note(s) and the Company shall not become a "Maker" of the Note(s) unless and until the Agreement and Note(s) are executed by the Company.

**4. Making of Loan Amount.** The undersigned, simultaneously with the delivery of the Subscription Documents to the Company, hereby tenders to the Company the Loan Amount by check made payable to the order of ERC Compactors LLC in the amount indicated above.

**5. Acceptance or Rejection of Subscription.** The undersigned understands and agrees that the Company reserves the right, exercisable in its sole discretion, to accept or reject any subscription, in whole or in part, for any reason and that the undersigned will be notified by the Company as promptly as practicable as to whether his or its subscription has been accepted or rejected. If the undersigned's subscription is accepted, in whole or in part, by the Company, the Company will execute this Agreement and the Note(s) and return them to the undersigned. If this subscription is rejected by the Company, either in whole or in part, all funds, in the case of a rejection of the subscription in whole, or those funds representing the amount of the subscription not accepted by the Company, in the case of a rejection of the subscription in part, will be returned to the undersigned as promptly as practicable. If this subscription is rejected in whole by the Company, this Agreement shall be null, void and of no effect. The undersigned does not have the right to withdraw or revoke his or its subscription during the Offering period, except as provided by certain state laws, except that if more than Twenty (20) days shall have passed from the date the Company received completed and executed Subscription Documents and the Loan Amount from the undersigned (the "Acceptance Period"), and the Company has not accepted the subscription during the Acceptance Period, the undersigned may withdraw his or its subscription at any time after the Acceptance Period up until such time that the Company subsequently decides, in its sole discretion, to accept the subscription in whole or in part.

**6. Offering Period.** The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon reaching the minimum offering amount of Ninety Thousand (\$90,000) Dollars.

2. Upon receipt of the maximum Offering subscription amount of One Million Five Hundred Thousand (\$1,500,000) Dollars.

3. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding Twenty (20) days thereafter to which the Company, in its sole discretion, may extend this Offering.

**7. Closing of the Loan.** The Note(s) subscribed for herein shall not be deemed made by the Company or held by the undersigned until this Agreement and the Note(s) have been countersigned by the Company, and until the funds delivered by the undersigned to the Company with the Subscription Documents have been deposited in the Holding Account and have been cleared by the applicable bank of the Company (the

"Effective Date"). Upon the Effective Date, (a) the undersigned shall have loaned to the Company the Loan Amount, (b) the undersigned shall become the Holder and the Company shall become the Maker of the Note(s) subscribed for by the undersigned, and (c) both the undersigned and the Company shall be bound by the terms of the Private Placement Memorandum and the Subscription Documents and any other undertakings described herein.

#### **8. Representations and Warranties.**

(a) The Company hereby represents and warrants as follows:

(i) The Company is a Limited Liability Company duly organized, validly existing and in good standing under the laws of the State of Arizona and has the requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted;

(ii) This Agreement constitutes the valid and binding obligation of the Company enforceable against the Company in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws from time to time in effect which affect creditor's rights generally and by legal and equitable limitations on the availability of specific performance and other equitable remedies under or by virtue of this Agreement). The Company has all requisite power and authority, corporate and other, to execute and deliver this Agreement and the Note(s) and to consummate the transactions contemplated hereby. All persons who have executed this Agreement and the Note(s) on behalf of the Company have been duly authorized to do so by all necessary corporate action. Neither the execution and delivery of this Agreement and the Note(s) nor the consummation of the transactions contemplated hereby will (A) violate any provision of the Certificate of Incorporation or Operating Agreement of the Company, as currently in effect; (B) violate any judgment, order, injunction, decree or award against, or binding upon, the Company or the securities, assets, properties, operations or business of the Company; or (C) violate any law or regulation applicable to the Company or to the securities, assets, properties, operations or business of the Company.

(b) In order to induce the Company to accept the subscription made hereby, the undersigned hereby represents and warrants to the Company as follows:

(i) The undersigned has received the Private Placement Memorandum and the Subscription Documents. The undersigned has read and understands the Private Placement Memorandum and Subscription Documents and the information contained in those documents concerning the Company and this Offering or has caused his or its representative to read and examine the Private Placement Memorandum and Subscription Documents. The undersigned has relied only on the information about the Company contained in these documents and his or its own independent investigation in making his or its subscription. The undersigned



understands that the Notes will be issued with the rights and subject to the conditions described in the Private Placement Memorandum and Subscription Documents;

(ii) The undersigned is familiar with the terms and conditions of the Offering and is aware that his or its investment involves a degree of risk and the undersigned has read the section in the Private Placement Memorandum titled "Risk Factors."

(iii) The undersigned hereby specifically accepts and adopts each and every provision of this Agreement and acknowledges and agrees with each and every provision of this Agreement and, upon acceptance by the Company of the subscription made hereby, agrees to be bound by such provisions.

(iv) The undersigned acknowledges and is aware that there is no assurance as to the future performance of the Company.

(v) The undersigned, if an individual (A) has reached the age of majority in the state in which he resides and (B) is a bona fide resident and domiciliary (not a temporary or transient resident) of the state set forth below his signature on the signature page hereof and has no present intention of becoming a resident of any other state or jurisdiction. The undersigned, if a partnership, corporation, limited liability company, trust or other entity, was organized or incorporated under the laws of the jurisdiction set forth below the signature made on its behalf on the signature page hereof and has no present intention of altering the jurisdiction of its organization, formation or incorporation.

(vi) The undersigned has the financial ability to bear the economic risk of an investment in the Offering, has adequate means of providing for his or its current needs and personal contingencies, has no need for liquidity in the Note(s) and could afford a complete loss of his or its investment in the Offering.

(vii) The undersigned represents and warrants to the Company that he or it comes within one of the categories of investors as defined in Exhibit 1 hereto *(please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity).*

(viii) The undersigned has been given the opportunity to review the merits of an investment in the Offering with tax and legal counsel or with an investment advisor to the extent the undersigned deemed advisable.

(ix) The undersigned's overall commitment to invest in the Note(s), which are not readily marketable, is not disproportionate to his or its net worth and his or its investment in the Offering will not cause such overall commitment to become excessive.

(x) The undersigned has such knowledge and experience in financial and business matters that he or it is capable of evaluating the merits and risks of an investment in the Offering.

(xi) The undersigned has been given a full opportunity to ask questions of and to receive (A) answers from the Company and its Managers concerning the terms and conditions of this Offering and the business of the Company and (B) such other information as he or it desired in order to evaluate an investment in the Offering, and all such questions have been answered to the full satisfaction of the undersigned. No oral or written representations have been made or oral or written information furnished to the undersigned or the undersigned's advisors in connection with the Offering or interests that were in any way inconsistent with this Subscription Agreement. The undersigned is not participating in the Offering as a result of or subsequent to: (1) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television, radio or the internet or (2) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

(xii) If the undersigned is a corporation, limited liability company, partnership, trust or other entity, it is authorized and qualified to make this loan to the Company and the person signing this Agreement on behalf of such entity has been duly authorized by such entity to do so.

(xiii) If the undersigned is a corporation, limited liability company or partnership, the person signing this Agreement on its behalf hereby represents and warrants that the information contained in this Agreement completed by any shareholders of such corporation, members of such limited liability company or partners of such partnership is true and correct with respect to such shareholder, member or partner (and if any such shareholder is itself a corporation, limited liability company or partnership, with respect to all persons having an equity interest in such corporation, limited liability company or partnership, whether directly or indirectly) and that the person signing this Agreement has made due inquiry to determine the truthfulness and accuracy of the information contained in this Agreement.

(xiv) The purchase of the Note(s) by the undersigned has been duly authorized, and the execution, delivery and performance of this Agreement does not conflict with the undersigned's partnership agreement, certificate of incorporation, by-laws, articles of organization, operating agreement or any agreement to which the undersigned is a party and this Agreement is a valid and binding agreement enforceable against the undersigned in accordance with its terms.

(xv) The undersigned hereby represents that he or it is subscribing for the Notes as principal or as trustee, solely for the account of the undersigned, for investment purposes only and not with a view to, or for, subdivision, resale, distribution, or fractionalization thereof, in whole or in part, or for the account, in

whole or in part, of others, and, except as disclosed herein, no other person has a direct or indirect beneficial interest in the Note(s). The undersigned will hold the Note(s) as an investment and has no reason to anticipate any change in circumstances or other particular occasion or event, which would cause the undersigned to attempt to sell any of the Note(s).

(xvi) The undersigned acknowledges his or its understanding that (A) the Offering of the Note(s) by the Company has not been registered under the Act, as amended, or the securities laws of certain states in reliance on specific exemptions from registration, (B) the Confidential Memorandum and Subscription Documents have not been filed with or reviewed by the Securities and Exchange Commission or the securities department of any state and no securities administrator of any state or the federal government has recommended or endorsed this Offering or made any finding or determination relating to the fairness of an investment in the Company, and (C) the Offering of the Note(s) by the Company is intended to be exempt from registration pursuant to Section 4 (2) of the Act and the rules promulgated thereunder by the Securities and Exchange Commission, and that the undersigned's Note(s) cannot be sold, pledged, assigned or otherwise disposed of unless they are registered under the Act or an exemption from such registration is available.

(xvii) The undersigned represents and warrants that he or it will not transfer or convey all or part of his or its financial interest in the Note(s) unless such Note(s) are subsequently registered under the Act, or an exemption from such registration is available and without (A) the prior written consent of the Company and (B) an opinion of counsel acceptable to the Company and its counsel to the effect that the Note(s) may be transferred without violation of the registration requirements of the Act or any applicable state securities laws, as may be amended from time to time. The undersigned further acknowledges that there can be no assurance that the Company will file any registration statement for the Note(s) for which the undersigned is subscribing, that such registration statement, if filed, will be declared effective or, if declared effective, that the Company will be able to keep it effective until the undersigned sells the Note(s) registered thereon.

(xviii) The undersigned understands that this Agreement is subject to the Company's acceptance and may be rejected by the Company at any time in its sole discretion in whole or any part prior to issuance of the Note(s) with respect to the undersigned's subscription, notwithstanding prior receipt by the undersigned of notice of acceptance of the undersigned's subscription. The Company reserves the right to withdraw the Offering at any time.

(xix) The undersigned acknowledges that this Agreement shall become binding upon the undersigned when it is countersigned by the Company and the undersigned is not entitled to cancel, terminate, or revoke this subscription before or after acceptance by the Company, except as otherwise provided in this Agreement.

(xx) All information provided by the undersigned in the Investor Questionnaire and Investor Representative Questionnaire (if applicable) which accompanies this Agreement is true and accurate in all respects, and the undersigned acknowledges that the Company will be relying on such information to its possible detriment in deciding whether the Company can make these Note(s) to the undersigned without giving rise to the loss of an exemption from registration under the applicable securities laws.

**9. Foreign Person.** If the undersigned has indicated on the signature page of this Agreement that he, she or it is a foreign person, he, she or it agrees to notify the Company in writing within sixty (60) days of becoming a nonresident alien, foreign corporation, foreign partnership, foreign trust, foreign estate or other foreign entity, as the case may be.

**10. Indemnity.** The undersigned agrees to indemnify and hold harmless the Company, its managers, members, agents, attorneys and affiliates and each other person, if any, who controls any thereof, within the meaning of Section 15 of the Act, against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the undersigned to comply with any covenant or agreement made by the undersigned herein or in this Agreement or in any other document furnished by the undersigned to any of the foregoing in connection with this transaction.

**11. Notice.** All notices in connection with this Agreement shall be in writing and personally delivered or delivered via overnight mail, with written receipt therefor, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 11) with a copy, in the case of notice to the Company, to ERC Compactors LLC, at 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

**12. Miscellaneous.**

(a) This Agreement is not assignable by the undersigned. This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) This Agreement shall be deemed to have been made in the State of Arizona and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in State of Arizona. The parties hereto hereby consent to personal

jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Agreement.

(c) This Agreement contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Agreement shall be effective unless in writing and signed by both parties to this Agreement.

(d) No waiver of any breach of any terms of this Agreement shall be effective unless made in writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall be construed as a waiver of any subsequent breach of that term or of any other term of the same or different nature.

(e) If any provision or portion of this Agreement or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Agreement.

(f) Each of the parties hereto shall cooperate and take such actions, and execute such other documents, at the execution hereof or subsequently, as may be reasonably requested by the other in order to carry out the provisions and purposes of this Agreement.

IN WITNESS WHEREOF, the undersigned, by his or its execution hereof, agrees to be bound by this Agreement.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2011,  
at \_\_\_\_\_ (City), \_\_\_\_\_ (State).

**If the Investor is an INDIVIDUAL, complete the following:**

The undersigned (*circle one*): **[is] [is not]** a citizen or resident of the United States.

\_\_\_\_\_  
Print Name of Individual:

\_\_\_\_\_  
Print Name of Spouse if Funds are to  
be invested in Joint Name or are  
Community Property:

\_\_\_\_\_  
Print Social Security Number of Individual:

\_\_\_\_\_  
Print Social Security Number of  
Spouse

\_\_\_\_\_  
Signature of Individual

\_\_\_\_\_  
Signature of Spouse if Funds are to be  
Invested in Joint Name or are  
Community Property

\_\_\_\_\_  
Print Address of Residence:

\_\_\_\_\_  
Print Telephone Number:  
(    )

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The investor is PARTNERSHIP, CORPORATION, TRUST OR OTHER ENTITY, complete the following:

The undersigned (circle one) [is] [is not] a foreign partnership, foreign corporation, trust or foreign estate (as defined in the Internal Revenue Code of 1986, as amended, and the treasury regulations promulgated there under).

Print Name of Partnership, Corporation, Trust or Entity:

Fuel Fresh, Inc.

Title of Authorized Representative

President

Mark Sherman  
Signature of Authorized Representative

Print Jurisdiction of Organization or Incorporation

Maricopa County, AZ

MARK SHERMAN  
Print Name of Authorized Representative

Print Federal Tax Identification Number

Mark Sherman

Print Address of Residence:

Print Telephone Number:

[REDACTED] AZ [REDACTED]

[REDACTED]

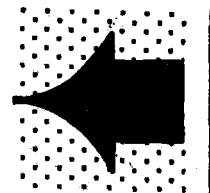
#### ACCEPTANCE

The terms of the foregoing, including the subscription described therein, are agreed to and accepted on this 22 day of AUGUST, 2011

ERC COMPACTORS LLC

By: [Signature]  
Jason Todd Megler - President

By: [Signature]  
Jim Hinkeldey - Vice-President



## EXHIBIT 1 INVESTOR STATUS

*(Please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity).*

                      
initials

- A. **"Non- accredited Investor"**. The undersigned does not meet the definition of an "Accredited Investor" as defined herein below;

                      
initials

- B. **"Accredited Investor"**. The undersigned is an Accredited Investor as defined below (*check applicable box*):

☐ 1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds Five Hundred Thousand (\$500,000) Dollars;

☐ 2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of One Hundred Thousand (\$100,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;

☐ 3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U. S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;



☐4. Any private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940);

☐5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;

☐6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

☐7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

☐8.\* Any entity in which all of the equity owners are Accredited Investors.

**NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.**

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\* If this box is checked, please indicate on a separate schedule to be attached hereto, the category of Accredited Investor in which each equity owner of such entity is included.

**EXHIBIT B**  
**PROMISSORY NOTE**

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**EXHIBIT B**

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**PROMISSORY NOTE**

**THIS NOTE HAS BEEN MADE FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO OR FOR SALE IN CONNECTION WITH THE DISTRIBUTION THEREOF AND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THIS NOTE MAY NOT BE SOLD, TRANSFERRED, OR ASSIGNED ("TRANSFER") UNLESS IT IS SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE AND THE MAKER CONSENTS IN WRITING TO SUCH TRANSFER.**

**ERC COMPACTORS LLC, an Arizona Limited Liability Company, with offices at 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250 (the "Maker"), for value received, promises to pay to the Individual and/or legal entity designated in this Note as the "HOLDER," the principal sum of One Hundred Thousand (\$100,000.00) Dollars.**

The Notes will have an annual rate of return of Twenty-Four (24%) percent simple interest over the term thereof, with a maturity date of Twenty-Four (24) months from the Commencement Date of each Note.

Principal and Interest shall be paid as follows:

**Principal:** Principal shall be paid at maturity. The maturity date is Twenty-Four (24) months from the Commencement Date of each Note.

**Interest:** Since there is a delivery period of approximately Ninety (90) days between the equipment purchase date and equipment delivery date, the first Ninety (90) days of interest will be deferred. The deferred interest (\$300 per month or \$900 for 90 days) will be added onto the note's principal amount of \$15,000. The new principal balance of the Note on the Ninety-First (91) day after the Commencement Date will be Fifteen Thousand Nine Hundred (\$15,900) dollars. Interest will be calculated on the combined amount of \$15,900 (\$15,900) and will be paid monthly commencing in the Fourth (4<sup>th</sup>) month.

The principal and any interest due on said principal may be prepaid at the sole discretion of the Company, without a prepayment penalty.

## **1. NOTES**

This Note in the principal amount of Fifteen Thousand (\$15,000) Dollars per Note, or any fractional amounts, is offered for sale by the Maker, pursuant to that certain "Private Placement Memorandum" dated August 8, 2011. The Note shall be senior debt of the Maker.

## **2. EVENTS OF DEFAULT**

A default shall be defined as one or more of the following events ("Event of Default") occurring and continuing:

- (a) The Maker shall fail to pay any interest payment on this Note when due for a period of Twenty (20) days after notice of such default has been sent by the Holder to the Maker.
- (b) The Maker shall dissolve or terminate the existence of the Maker.
- (c) The Maker shall file a petition in bankruptcy, make an assignment for the benefit of its creditors, or consent to or acquiesce in the appointment of a receiver for all or substantially all of its property, or a petition for the appointment of a receiver shall be filed against the Maker and remain unstayed for at least ninety (90) days.
- (d) If the maturity date is extended this will not be considered an event of default.

Upon the occurrence of an Event of Default, the Holder of this Note may, by written notice to the Maker, declare the unpaid principal amount and all accrued interest of the Note immediately due and payable.

## **3. SECURITY FOR PAYMENT OF THE NOTE(S)**

The Note(s) offered by the MAKER are secured by the equipment/compactors purchased.

## **4. COMMENCEMENT DATE OF THE NOTE**

The Commencement Date of the Note shall be the "Effective Date," as defined in that certain "Subscription Agreement" attached as Exhibit A to the Private Placement Memorandum.

## **5. STATUS OF HOLDER**

The Maker may treat the Holder of this Note as the absolute owner of this Note for the purpose of making payments of principal or interest and for all other purposes,

and shall not be affected by any notice to the contrary, unless the Maker so consents in writing.

## **6. SECURITIES ACT RESTRICTIONS**

This Note has not been registered for sale under the Act. This Note may not be sold, offered for sale, pledged, assigned or otherwise disposed of, unless certain conditions are satisfied, as more fully set forth in the Subscription Agreement.

## **7. ATTORNEYS' FEES**

The prevailing party in an action to enforce this Note shall be entitled to reasonable attorneys' fees, costs and collection expense.

## **8. MISCELLANEOUS.**

(a) **Successors and Assigns.** The Holder may not assign, transfer or sell this Note to any party without the express written consent of the Maker. This Note shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) **Entire Agreement.** This Note contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Note shall be effective unless in writing and signed by both parties to this Note.

(c) **Notices.** All notices in connection with this Note shall be in writing and personally delivered or delivered via overnight mail, with written receipt therefore, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 8) with a copy to ERC Compactors LLC, 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

(d) **Section Headings.** The headings of the various sections of the Note have been inserted as a matter of convenience for reference only and shall be of no legal effect.

(e) **Severability.** If any provision or portion of this Note or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Note.

(f) **Applicable Law:** This Note shall be deemed to have been made in the State of Arizona, and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in the State of Arizona. The parties hereto hereby consent to personal jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Note.

**Maker:**

ERC Compactors LLC,  
An Arizona LLC  
8800 E. Chaparral Road  
Suite 270  
Scottsdale, AZ 85250

*J. Mogler* 8/22/11  
Sign & Date

Jason Mogler  
Print Name

**Holder:**

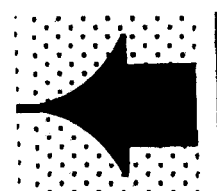
Fuel Fresh, Inc.

*M. Sherman* 8/22/11  
Sign & Date

Mark Sherman  
Print Name

Address:

                      
                     AZ                     



**EXHIBIT C**  
**Investor Suitability Questionnaire**

**EXHIBIT C**

**ERC Compactors LLC**

**Investor Suitability Questionnaire**

To: Prospective purchasers of Promissory Notes (the "Notes") offered by ERC Compactors LLC (the "Company").

The Purpose of this Questionnaire is to solicit certain information regarding your financial status to determine whether you are an "Accredited Investor," as defined under applicable federal and state securities laws, and otherwise meet the suitability criteria established by the Company for purchasing Notes. ***This questionnaire is not an offer to sell securities.***

Your answers will be kept as confidential as possible. You agree, however, that this Questionnaire may be shown to such persons as the Company deems appropriate to determine your eligibility as an Accredited Investor or to ascertain your general suitability for investing in the Notes.

***Please answer all questions completely and execute the signature page***

**A. Personal**

1. Name: \_\_\_\_\_

2. Address of Principal Residence: \_\_\_\_\_

\_\_\_\_\_ County: \_\_\_\_\_

3. Residence Telephone: (\_\_\_\_) \_\_\_\_\_

4. Where are you registered to vote? \_\_\_\_\_

5. Your driver's license is issued by the following state: \_\_\_\_\_

6. Other Residences or Contacts: Please identify any other state where you own a residence, are registered to vote, pay income taxes, hold a driver's license or have any other contacts, and describe your connection with such state:

\_\_\_\_\_  
\_\_\_\_\_

7. Please send all correspondence to:



(1)\_\_\_\_\_ Residence Address (as set forth in item A-2)

(2)\_\_\_\_\_ Business Address (as set forth in item B-1)

8. Date of Birth:\_\_\_\_\_

9. Citizenship:\_\_\_\_\_

10. Social Security or Tax I.D. #:\_\_\_\_\_

**B. Occupations and Income**

1. Occupation:\_\_\_\_\_

(a) Business Address:\_\_\_\_\_

(b) Business Telephone Number: (\_\_\_\_\_)\_\_\_\_\_

2. Gross income during each of the last two years exceeded:

(1)\_\_\_\_\_ \$25,000 (2)\_\_\_\_\_ \$50,000

(3)\_\_\_\_\_ \$100,000 (4)\_\_\_\_\_ \$200,000

3. Joint gross income with spouse during each of the last two years exceeded \$300,000

(1)\_\_\_\_\_ Yes (2)\_\_\_\_\_ No

4. Estimated gross income during current year exceeds:

(1)\_\_\_\_\_ \$25,000 (2)\_\_\_\_\_ \$50,000

(3)\_\_\_\_\_ \$100,000 (4)\_\_\_\_\_ \$200,000

5. Estimated joint gross income with spouse during current year exceeds \$300,000

(1)\_\_\_\_\_ Yes (2)\_\_\_\_\_ No

**C. Net Worth**

1. Current net worth or joint net worth with spouse (note that "net worth" includes all of the assets owned by you and your spouse in excess of total liabilities, including the fair market value, less any mortgage, of your principal residence.)

(1)\_\_\_\_\_ \$50,000-\$100,000 (2)\_\_\_\_\_ \$100,000-\$250,000 (3)\_\_\_\_\_ \$250,000-\$500,000

(4)\_\_\_\_\_ \$500,000-\$750,000 (5)\_\_\_\_\_ \$750,000-\$1,000,000 (6)\_\_\_\_\_ over \$1,000,000

2. Current value of liquid assets (cash, freely marketable securities, cash surrender value of life insurance policies, and other items easily convertible into cash) is sufficient to provide for current needs and possible personal contingencies:

(1)\_\_\_\_Yes

(2)\_\_\_\_No

**D. Affiliation with the Company**

Are you a director or executive officer of the Company?

(1)\_\_\_\_Yes

(2)\_\_\_\_No

**E. Investment Percentage of Net Worth**

If you expect to invest at least \$100,000 in Notes, does your total purchase price exceed 10% of your net worth at the time of sale, or joint net worth with your spouse.

(1)\_\_\_\_Yes

(2)\_\_\_\_No

**F. Consistent Investment Strategy**

Is this investment consistent with your overall investment strategy?

(1)\_\_\_\_Yes

(2)\_\_\_\_No

**G. Prospective Investor's Representations**

The information contained in this Questionnaire is true and complete, and the undersigned understands that the Company and its counsel will rely on such information for the purpose of complying with all applicable securities laws as discussed above. The undersigned agrees to notify the Company promptly of any change in the foregoing information which may occur prior to any purchase by the undersigned of securities from the Company.

Prospective Investor:

\_\_\_\_\_  
Signature

Date:\_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_  
Signature (of joint purchase if purchase is to be made as joint tenants or as tenants in common)

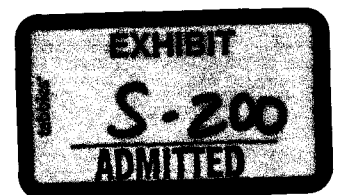
Site	VIEWPOINTE	Paid Date	11162011	Serial No	2057
Routing	7192189	Account	6423	PC	000000
			32881		
Amount	100000.00	Sequence	4711833883	Capture Source	00010487

Front Black & White Image

M.G. KATZ trust MISSOURI		2057 70-2188713	
DATE <u>Nov 15 2011</u>			
PAY TO THE ORDER OF <u>ERC Computers</u>		\$ <u>100,000.00</u>	
<u>One hundred Thousand</u>		DOLLARS	
PNC BANK, N.A.			
FOR _____		<u>Margie Katz</u>	
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Memorandum#

Marjorie G. Katz Revocable Trust

**CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM**

**ERC COMPACTORS LLC**

An Arizona Limited Liability Company

**\$1,500,000**

Minimum Offering Amount: \$90,000

\$15,000 per Promissory Note (Unit)

**MINIMUM PURCHASE - 1 Promissory Note**

24% Annual Rate of Return

Maturity Date: 24 months

Interest Paid Monthly After a Ninety (90) Day Interest Deferment Period

Redemption at Maturity - \$15,900 per Unit (includes deferred interest)

ERC Compactors LLC, an Arizona Limited Liability Company (hereinafter referred to as the "COMPANY"), is offering by means of this Confidential Private Placement Memorandum a minimum of Six (6) and a maximum of One Hundred (100) secured Promissory Notes ("Notes") at an offering price of Fifteen Thousand (\$15,000) Dollars per Note, for a minimum of Ninety Thousand Dollars (\$90,000) and a maximum total of One Million Five Hundred Thousand Dollars (\$1,500,000) to qualified investors who meet the Investor Suitability Requirements set forth herein (see "INVESTOR SUITABILITY REQUIREMENTS"). Each Investor must agree to purchase the Notes, as a lender to the Company, for investment purposes only, and execute a Subscription Agreement in the form contained in the accompanying Subscription Booklet (see "TERMS OF THE OFFERING").

**THESE SECURITIES ARE SPECULATIVE AND INVESTMENT  
IN THE NOTES INVOLVES A DEGREE OF RISK  
(SEE "RISK FACTORS")**

	Offering Price	Selling Commissions	Proceeds to Company
Per Unit	\$15,000	\$1,500	\$13,500
Minimum Units	\$90,000	\$9,000	\$81,000
Maximum Units	\$1,500,000	\$150,000	\$1,350,000

**ERC Compactors LLC**  
8800 E. Chaparral Road, Suite 270  
Scottsdale, AZ 85250  
Telephone: (480) 278-7031  
Facsimile: (480) 278-8979

The date of this Private Placement Memorandum is August 8, 2011



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### **IMPORTANT NOTICES**

This Confidential Private Placement Offering Memorandum ("Memorandum") is submitted to you on a confidential basis solely for the purpose of evaluating the specific transaction described herein. This information shall not be photocopied, reproduced or distributed to others without the prior written consent of ERC Compactors LLC ("Company"). If the recipient determines not to purchase any of the Notes offered hereby, it will promptly return all material received in connection herewith without retaining any copies.

### **DISCLAIMERS**

THE NOTES OFFERED HEREBY IN THIS OFFERING MEMORANDUM HAVE NOT BEEN REGISTERED WITH, OR APPROVED, BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, NOR HAVE SUCH NOTES OR THIS MEMORANDUM BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL OF ANY STATE OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE. THIS OFFERING IS BASED ON THE EXEMPTION FROM SUCH REGISTRATION AS SET FORTH IN §4(2) AND RULE 506 OF REGULATION D OF THE SECURITIES ACT OF 1933, AS AMENDED.

THE INVESTMENT DESCRIBED IN THIS MEMORANDUM INVOLVES RISKS, AND IS OFFERED ONLY TO INDIVIDUALS WHO CAN AFFORD TO ASSUME SUCH RISK FOR AN INDEFINITE PERIOD OF TIME AND WHO AGREE TO PURCHASE THE NOTES ONLY FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TOWARD THE TRANSFER, RESALE, EXCHANGE OR FURTHER DISTRIBUTION THEREOF. THERE WILL BE NO PUBLIC MARKET FOR THE NOTES ISSUED PURSUANT TO THIS OFFERING MEMORANDUM. THE RESALE OF THE NOTES ARE LIMITED BY FEDERAL AND STATE SECURITIES LAWS AND IT IS THEREFORE RECOMMENDED THAT EACH POTENTIAL INVESTOR SEEK COUNSEL SHOULD THEY DESIRE MORE INFORMATION.

THE PRICE OF THE NOTES AS DESCRIBED IN THIS OFFERING MEMORANDUM HAS BEEN ARBITRARILY DETERMINED BY THE SPONSORS OF THIS INVESTMENT, AND EACH PROSPECTIVE INVESTOR SHOULD MAKE AN

INDEPENDENT EVALUATION OF THE FAIRNESS OF SUCH PRICE UNDER ALL THE CIRCUMSTANCES AS DESCRIBED IN THE ATTACHED OFFERING MEMORANDUM.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION IN CONNECTION WITH THIS MEMORANDUM, EXCEPT SUCH INFORMATION AS IS CONTAINED OR REFERENCED IN THIS MEMORANDUM. ONLY INFORMATION OR REPRESENTATIONS CONTAINED OR REFERENCED HEREIN MAY BE RELIED UPON AS HAVING BEEN MADE BY THE COMPANY. PROSPECTIVE INVESTORS WHO HAVE QUESTIONS CONCERNING THE TERMS AND CONDITIONS OF THIS PRIVATE OFFERING MEMORANDUM OR WHO DESIRE ADDITIONAL INFORMATION OR DOCUMENTATION TO VERIFY THE INFORMATION CONTAINED HEREIN SHOULD CONTACT THE COMPANY. PROJECTIONS OR FORECASTS CONTAINED IN THIS PRIVATE OFFERING MEMORANDUM, OR OTHER MATERIALS, MUST BE VIEWED ONLY AS ESTIMATES. ALTHOUGH ANY PROJECTIONS CONTAINED IN THIS MEMORANDUM ARE BASED UPON ASSUMPTIONS WHICH THE COMPANY BELIEVES TO BE REASONABLE, THE ACTUAL PERFORMANCE OF THE COMPANY MAY DEPEND UPON FACTORS BEYOND THE CONTROL OF THE COMPANY. NO ASSURANCE CAN BE GIVEN THAT THE COMPANY'S ACTUAL PERFORMANCE WILL MATCH ITS INTENDED RESULTS.

## 1. SUMMARY OF THE OFFERING

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY MORE DETAILED INFORMATION THAT MAY APPEAR ELSEWHERE IN THIS PRIVATE PLACEMENT MEMORANDUM. EACH PROSPECTIVE INVESTOR IS URGED TO READ THIS PRIVATE OFFERING MEMORANDUM IN ITS ENTIRETY.

ERC Compactors LLC (the "Company") was formed on August 3, 2011 as an Arizona Limited Liability Company. The Company is in the business of cardboard recycling on site at commercial properties.

The Securities offered are One Hundred (100) Notes issued by the Company at Fifteen Thousand (\$15,000) Dollars per Note, payable in cash at the time of subscription (see "Exhibit B" for copy of Promissory Note). The minimum purchase is one (1) Note. The Notes have an annual rate of return of Twenty-Four (24%) percent simple interest with a maturity date of Twenty-Four (24) months from the Commencement Date of each Note.

Principal and Interest shall be paid as follows:

Principal: Principal shall be paid at maturity. The maturity date is Twenty-Four (24) months from the Commencement Date of each Note.

Interest: Since there is a delivery period of approximately Ninety (90) days between the equipment purchase date and equipment delivery date, the first Ninety (90) days of interest will be deferred. The deferred interest (\$300 per month or \$900 for 90 days) will be added onto the note's principal amount of \$15,000. The new principal balance of the Note on the Ninety-First (91st) day after the Commencement Date will be Fifteen Thousand Nine Hundred (\$15,900) dollars. Interest will be calculated on the combined amount of Fifteen Thousand Nine Hundred (\$15,900) and will be paid monthly commencing in the Fourth (4<sup>th</sup>) month.

The notes will be secured by the equipment/compactors purchased.

None of the Notes are convertible to Membership Units, or other type of equity, in the Company. The Principal may be prepaid, at the sole discretion of the Company, without a prepayment penalty. This offering will commence on August 8, 2011, and will terminate no later than August 7, 2012, unless extended by the Company (see "TERMS OF THE OFFERING").

The gross proceeds of the offering will be a minimum of Ninety Thousand (\$90,000) Dollars and a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars. The use of the proceeds is to purchase compactor equipment to be installed at commercial locations (see "USE OF PROCEEDS").

## 2. THE COMPANY

ERC Compactors LLC (the "Company") was formed in August 3, 2011, as an Arizona Limited Liability Company. At the date of this offering, One Thousand (1,000) of the Company's Membership Units were authorized, issued and outstanding. The Company is in the business of recycling.



## **2.1 OPERATIONS**

ERC Compactors LLC is a new division of ERC which acquired C&D Construction Services Corporation. C&D Construction Services has been in recycling business for over ten years.

While ERC Compactors LLC is a new divisional venture and has yet to commence operations, it is in the same business and augments the company's recycling business. ERC Compactors LLC will supply a new source of commodities from new accounts such as strip malls. For a complete discussion on the company's philosophy and operations, please see "Exhibit D - it's business plan".

## **2.2 BUSINESS PLAN**

ERC of Nevada LLC's business plan, included as Exhibit D of this Memorandum, was prepared by the Company using assumptions set forth in the Business Plan, including several forward looking statements. Each prospective investor should carefully review the business plan before purchasing Notes. Management makes no representations as to the accuracy or achievability of the underlying assumptions and projected results contained herein.

## **3. MANAGEMENT**

### **3.1 LLC MANAGERS**

The success of the company is dependent upon the services and expertise of existing management. At the present time, the following individuals are actively involved in the management of the Company:

#### **Jason Todd Mogler - President and Principal**

Jason Todd Mogler, partner of Tri-Core Companies, has twenty plus years of marketing experience in both domestic and international markets.

An Arizonan native, his family has been in the construction business since 1940 his grandfather Roger Krants was a general contractor who completed several major commercial and residential ventures. You could say that development is in Jason's blood since blood.

Jason's practical work experience include the position of Director of Construction Lending for Republic Mortgage, and the Director of Construction Lending for the prestigious Royal Bank of Canada, his extensive work experience gives him thorough knowledge of construction lending and banking operations.

Mr. Mogler has an impressive academic resume at Arizona State University where he holds a Bachelor of Science degree with a major in marketing and a minor in psychology. His master studies with Thunderbird American Graduate School of International Management give him an international understanding of business strategies and marketing position.

Jason has also been celebrated for his philanthropy with numerous organizations both in Arizona and throughout the country. Mr. Mogler has a very long reputation for honest business practices and fair dealings with all people both personally and professionally.

**Peter A. Salazar: Chief Executive Officer:**

Bachelor in Environmental Science - 2000

2000 - Founder of C&D Construction Services Inc - Construction Clean Up Company

2001- Co-Founder with Brother Luis Salazar of Starwood Lumber Products - Dimensional Lumber Products

2002 - Expanded C&D Construction Services Inc - Roll Off Division

2003 - Founder of Liberty Salvage Materials - Recycling Division of C&D Construction Services Inc.

2008 - 2010 - Nevada Recyclers Association - President

2009 - Liberty Salvage Materials - Environmental Business Journal - Achievement Award

**Jim Hinkeldey - Vice President and Principal**

Jim Hinkeldey possesses thirty-five years of banking and financial experience including portfolio management, joint venture management, and all aspects of the mortgage banking profession for select regional New York banks.

Mr. Hinkeldey spearheaded the Joint Venture division at Richmond Hill Savings Bank in New York. He was responsible for land acquisition through project conclusion which included the delivery of completed developments in a timely and cost efficient, profitable manner.

Mr. Hinkeldey also managed a mortgage backed portfolio. He successfully rearranged the structure of the portfolio to meet asset/liability re-pricing demands. His concept creation resulted in a portfolio that meet re-pricing sensitivity models while delivering positive bottom line results.

Mr. Hinkeldey's business philosophy is based on total enterprise engagement, accountability, and the deliverability of profitable projects. Mr. Hinkeldey's philosophy is that the client and his investment or requirements come first and are paramount to each success.

#### **4. TERMS OF THE OFFERING**

##### **4.1 GENERAL TERMS OF THE OFFERING**

This Private Offering Memorandum is offering a minimum of Six (6) and a maximum of One Hundred (100) Notes at Fifteen Thousand (\$15,000) Dollars per Note, for a minimum of Ninety Thousand (\$90,000) Dollars and a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars to a select group of Investors who satisfy the Investor Suitability Requirements (see "INVESTOR SUITABILITY REQUIREMENTS"). The Company has the authority to sell fractional Notes at its sole discretion. The Company has set a minimum offering proceeds figure of \$90,000 (the "minimum offering proceeds") for this Offering.

##### **4.2 MINIMUM OFFERING AMOUNT - HOLDING ACCOUNT**

The Company has established an Investment Holding Account with Wells Fargo Bank, into which the minimum offering proceeds will be placed. At least Six (6) Notes must be sold for \$90,000 before such proceeds will be released from the holding account and utilized by the Company. After the minimum number of Notes is sold, all subsequent proceeds from the sale of Notes will be delivered directly to the Company.

##### **4.3 NONTRANSFERABILITY OF NOTES**

The Notes have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), and are being offered in reliance upon an exemption under §4(2) and Rule 506 of Regulation D of the Securities Act, as amended, and rules and regulations hereunder. The Notes have not been registered under the securities laws of any state and will be offered pursuant to an exemption from registration in each state. A purchaser may transfer or dispose of the Note only if such Notes are subsequently registered under the Securities Act, or if an exemption from registration is available, and pursuant to an opinion of counsel acceptable to the Company and its counsel to the effect that the Notes may be transferred without violation of the registration requirements of the Securities Act or any other securities laws.

##### **4.4 CLOSING OF THE OFFERING**

The Notes are offered and closed only when a properly completed Subscription Agreement (Exhibit A); Note (Exhibit B), and Investor Questionnaire (Exhibit C) are submitted by the investing Subscriber or his/her Investor Representatives and are received and accepted by the Company. The Subscription Agreement as submitted by an investing Subscriber or his/her Investor Representatives shall be binding once the Company signs the Subscription Agreement, Note and the funds delivered by the potential Investor to the Company with the Subscription Agreement has been cleared by the financial institution in which they are deposited by the Company. The Notes will be delivered to qualified Investors upon acceptance of their subscriptions. All funds collected from investing Subscribers will be deposited in a designated account under the control of the Company. Investors subscribing to the Notes may not withdraw or revoke their subscriptions at any

time prior to acceptance by the Company, except as provided by certain state laws, or if more than Twenty (20) days have passed after receipt of the Subscription Agreement by the Company without the Company accepting the Investor's funds and delivering all applicable documents to such Investor. The proceeds of this Offering will be used only for the purpose set forth in this Private Offering Memorandum (see "USE OF PROCEEDS").

The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon reaching the minimum offering amount of Ninety Thousand (\$90,000) Dollars.

2. Upon receipt of the maximum Offering subscription amount of One Million Five Hundred Thousand (\$1,500,000) Dollars.

3. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding Twenty (20) days thereafter to which the Company, in its sole discretion, may extend this Offering.

## **5. PLAN OF DISTRIBUTION**

### **5.1 OFFERING OF NOTES**

The Notes will be offered to prospective lenders by Officers and Directors of the Company and qualified licensed personnel, pursuant to State and Federal security rules and regulations. This Offering is made solely through this Private Placement Memorandum and without any form of general solicitation or advertising. The Company and its Officers and Directors or other authorized personnel will use their best efforts during the Offering period to find eligible Investors who desire to subscribe to the Notes in the Company. These Notes are offered on a "best efforts" basis, and there is no assurance that any or all of the Notes will be closed. The Company has the authorization to offer fractional Notes at its sole discretion. The Offering period will begin as of the date of this private Offering Memorandum and will close upon the happening of such occurrences as defined herein (see "TERMS OF THE OFFERING").

### **5.2 PAYMENTS TO BROKER DEALERS OR INVESTMENT ADVISORS**

The Company has the power to pay fees or commissions to qualified Broker Dealers, Registered Investment Advisors or any other person qualified under other applicable federal and state security laws.

## **6. DESCRIPTION OF NOTES**

### **6.1 NOTES**

The Company is offering One Hundred (100) Notes of the Company to potential investors at Fifteen Thousand (\$15,000) Dollars per Note, payable in cash at the time of the subscription. The minimum purchase is one (1) note. The Notes will have an annual rate of return of Twenty-Four (24%) percent simple interest over the term thereof, with a maturity date of Twenty-Four (24) months from the Commencement Date of each Note.

Principal and Interest shall be paid as follows:

Principal: Principal shall be paid at maturity. The maturity date is Twenty-Four (24) months from the Commencement Date of each Note.

Interest: Since there is a delivery period of approximately Ninety (90) days between the equipment purchase date and equipment delivery date, the first Ninety (90) days of interest will be deferred. The deferred interest (\$300 per month or \$900 for 90 days) will be added onto the note's principal amount of \$15,000. The new principal balance of the Note on the Ninety-First (91) day after the Commencement Date will be Fifteen Thousand Nine Hundred (\$15,900) dollars. Interest will be calculated on the combined amount of Fifteen Thousand Nine Hundred (\$15,900) dollars and will be paid monthly commencing in the Fourth (4<sup>th</sup>) month.

The notes will be secured by the equipment/compactors purchased.

The principal and any interest due on said principal may be prepaid at the sole discretion of the Company, without a prepayment penalty.

The Notes will be issued in the form attached hereto and incorporated herein by reference as though set forth in full herein as **Exhibit B**.

### **6.2 SECURITY FOR PAYMENT OF THE NOTES**

The Notes being offered by the Company in this Private Placement Offering will be secured by the equipment/compactors purchased.

### **6.3 REPORTS TO NOTEHOLDERS**

The Company will furnish annual unaudited reports to its Note holders ninety (90) days after its fiscal year. The Company may issue other interim reports to its Note holders as it deems appropriate. The Company's fiscal year ends on December 31<sup>st</sup> of each year.

## **7. USE OF PROCEEDS**

The gross proceeds of the Offering will be a minimum of Ninety Thousand (\$90,000) Dollars and a maximum of One Million Five Hundred Thousand (\$1,500,000) Dollars. The table below sets forth the use of proceeds for both the maximum and minimum offering amounts.

#### Sources

	Maximum Amount	Percent of Proceeds	Minimum Amount	Percent of Proceeds
Proceeds From Sale of Notes	\$1,500,000	100%	\$90,000	100%

#### Application of Proceeds

Offering Expenses (1)	\$ 5,000	0.33%	\$ 5,000	5.56%
Commissions (2)	\$ 150,000	10.00%	\$ 9,000	10.000%
Total Offering Expenses & Fees	\$ 155,000	10.33%	\$ 14,000	15.56%
Net Offering Proceeds (3)	\$ 1,345,000	89.67%	\$ 76,000	84.44%
Total Application of Proceeds	\$ 1,500,000	100%	\$ 90,000	100%

#### Footnotes:

(1) Includes estimated memorandum preparation, filing, printing, legal, accounting and other fees and expenses related to the Offering

(2) This Offering is being sold by the officers and directors of the Company, who will not receive any compensation for their efforts. No sales fees or commissions will be paid to such officers or directors. Notes may be sold by registered brokers or dealers who are members of the NASD and who enter into a Participating Dealer Agreement with the Company. Such brokers or dealers may receive commissions up to ten percent (10%) of the price of the Notes sold.

(3) Net offering proceeds available for the purchase of compactors/equipment.

## 8. CAPITALIZATION STATEMENT

### 8.1 CAPITALIZATION PRIOR TO AND AFTER THE OFFERING

The following table summarizes the capitalization of the Company prior to, and as adjusted to reflect, the issuance and sale of the maximum of One Hundred (100) Notes or One Million Five Hundred Thousand (\$1,500,000) Dollars.

	AS ADJUSTED 08/03/2011	AFTER THE OFFERING
Notes	<u>-0-</u>	<u>\$1,500,000</u>
Membership Units \$.10 par value, 1,000 Units authorized, 1000 Units issued and outstanding	\$100	\$100
Net Members Equity	\$100	\$100
TOTAL CAPITALIZATION	<u>\$100</u>	<u>\$1,500,100</u>

## 9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### 9.1 RESULTS OF OPERATIONS

The Company has yet to commence compactor operations.

### 9.2 LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity and capital resources are dependent on its ability to raise sufficient capital to pay for the purchase price of the Promissory Notes.

## 10. CERTAIN TRANSACTIONS

### 10.1 ARIZONA LIMITED LIABILITY CORPORATION

ERC Compactors LLC is a privately held Arizona Limited Liability Company, formed on August 3, 2011.

### 10.2 PRIVATE OFFERING OF NOTES

The Company is authorized to offer in this private offering, up to One Million Five Hundred Thousand (\$1,500,000) Dollars of Notes to selected investors, effective on August 8, 2011.

## **11. FIDUCIARY RESPONSIBILITIES OF THE DIRECTORS AND OFFICERS OF THE COMPANY**

### **11.1 GENERAL**

The Officers and Directors of the Company are accountable to the Company as fiduciaries and such Officers and Directors are required to exercise good faith and integrity in managing the Company's affairs and policies. Each Note holder of the Company, or their duly authorized representative, may inspect the books and records of the Company at any time during normal business hours. A Note holder may be able to bring an action on behalf of himself in the event the Note holder has suffered losses in connection with the purchase or sale of the Note(s) in the Company, due to a breach of fiduciary duty by an Officer or Director of the Company, in connection with such sale or purchase, including the misrepresentation or misapplication by any such Officer or Director of the proceeds from the sale of these Notes, and may be able to recover such losses from the Company.

### **11.2 INDEMNIFICATION**

Indemnification is permitted by the Company to directors, officers or controlling persons pursuant to Arizona law. Indemnification includes expenses, such as attorneys' fees and, in certain circumstances, judgments, fines and settlement amounts actually paid or incurred in connection with actual or threatened actions, suits or proceedings involving such person and arising from their relationship with the Company, except in certain circumstances where a person is adjudged to be guilty of gross negligence or willful misconduct, unless a court of competent jurisdiction determines that such indemnification is fair and reasonable under the circumstances.

## **12. RISK FACTORS**

THIS INVESTMENT INVOLVES A DEGREE OF RISK. AN INDIVIDUAL CONTEMPLATING INVESTMENT IN THIS OFFERING SHOULD GIVE CAREFUL CONSIDERATION TO THE ELEMENTS OF THE RISK SUMMARIZED BELOW, AS WELL AS THE OTHER RISK FACTORS IDENTIFIED ELSEWHERE IN THIS PRIVATE OFFERING MEMORANDUM.

### **12.1 FORMATION OF THE COMPANY**

The Company was formed on August 3, 2011. It is therefore subject to all the risks inherent in the creation of a new Company. Unforeseen expenses, complications and delays may occur with a new Company.



## **12.2 CONTROL BY COMPANY**

After completion of this offering, the Company will own one hundred percent (100%) of the issued and outstanding Membership Units. Such ownership will enable the Company to continue to elect all the Managers and to control the Company's policies and affairs. The Note holders will not have any voting rights in the Company.

## **12.3 RELIANCE ON THE COMPANY FOR MANAGEMENT**

All decisions with respect to the management of the Company will be made exclusively by the Managers of the LLC. The Note holders do not have the right or power to take part in the management of the Company. Accordingly, no person should purchase a Note unless he is willing to entrust all aspects of the management of the Company to existing Management.

## **12.4 LIMITED TRANSFERABILITY OF THE NOTES**

The transferability of the Notes in this offering are limited, and potential investors should recognize the nature of their investment in the offering. It is not expected that there will be a public market for the Notes because there will be only a limited number of investors and restrictions of the transferability of Notes. The Notes have not been registered under the Securities Act of 1933, as amended, or qualified or registered under the securities laws of any state and, therefore, the Notes cannot be resold unless they are *subsequently so registered or qualified or an exemption from such registration is available*. The offering also contains restrictions on the transferability of the Notes. Accordingly, purchasers of Notes will be required to hold such Notes to maturity unless otherwise approved by the Company. The Company does not intend to register the Notes under the Securities Act of 1933.

## **12.5 CAPITALIZATION OF THE COMPANY**

Prior to this offering, the Company was funded by its principals. Independent of the amounts raised in this offering, presently the Company does not have any other assets available to use to pay principal or interest on the Notes.

## **12.6 REGULATIONS**

The Company is subject to various federal and state laws, rules and regulations. The Company believes it is in full compliance with any and all applicable laws, rules and regulations.

## **12.7 U.S. ECONOMY**

The Company is subject to the U.S. Economy and its effect on consumer confidence and spending.

## **12.8 FORCE MAJEURE**

Neither party shall be liable in damages or have the right to terminate this Agreement for any delay or default in performing hereunder if such delay or default is caused by conditions beyond its control including, but not limited to Acts of God, Government restrictions (including the denial or cancellation of any export or other necessary license), wars, insurrections and/or any other cause beyond the reasonable control of the party whose performance is affected.

## **13. PRINCIPAL SHAREHOLDERS**

As of the date of this Offering, the Company has One Thousand (1,000) Membership Units issued and outstanding to Jason Todd Mogler and James Hinkeldey.

## **14. HOW TO INVEST**

An Investor who meets the qualifications as set forth in this Private Offering Memorandum may subscribe for at least the minimum purchase herein of One (1) Note (Fifteen Thousand (\$15,000) Dollars) by carefully reading this entire Private Offering Memorandum and by then completing and signing a separately bound booklet. This booklet contains identical copies of the following exhibits contained in the Private Offering Memorandum, including:

- Exhibit A    **INSTRUCTIONS TO SUBSCRIBERS and SUBSCRIPTION AGREEMENT:** This contains complete instructions to Subscribers and should be read in its entirety by the prospective investor prior to investing. The Subscription Agreement must be signed by the Investor.
- Exhibit B    **PROMISSORY NOTE:** This Note will be signed by ERC Compactors LLC.
- Exhibit C    **INVESTOR QUESTIONNAIRE:** This questionnaire requires a Subscriber to complete a financial history in order to aid the Company in the determination of the suitability of the Subscriber as a potential Investor. This questionnaire must be signed by the Investor.
- Exhibit D    **ERC Nevada LLC Business Plan**

Copies of all the above referenced documents are included with this Private Placement Memorandum. For discussion of the actions of the Company upon receipt of a properly completed request to invest by a Subscriber, please see **"TERMS OF THE OFFERING."** Such Investor should include his check made payable to ERC

COMPACTORS LLC, along with the SUBSCRIPTION AGREEMENT, NOTE, AND INVESTOR QUESTIONNAIRE. Delivery of the documents referred to above, together with a check to the Company should be addressed to the Company as follows: ERC Compactors LLC, 8800 E. Chaparral Road., Suite 270, Scottsdale, AZ 85250.

## **15. INVESTOR SUITABILITY REQUIREMENTS**

### **15.1 INTRODUCTION**

Potential Investors should have experience in making investment decisions or such Investors should rely on their own tax consultants or other qualified investment advisors in making this investment decision.

### **15.2 GENERAL SUITABILITY**

Each potential Investor will be required to represent the following by execution of a Subscription Agreement:

1. The Investor has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in this Offering.
2. The Investor has the ability to bear the economic risk of this investment, has adequate means to provide for his, her or its current needs and personal contingencies, has no need for liquidity in this investment and could afford the complete loss of the investment.
3. The Investor is acquiring the Note(s) for his, her or its own account for investment purposes only and not with a view toward subdivision, resale, distribution or fractionalization thereof, or for the account of others, and has no present intention of selling or granting any participation in, or otherwise distributing, the Note(s).
4. The Investor's overall commitment to invest in the Note(s) is not disproportionate to his, her or its net worth and the investment in these Note(s) will not cause such overall commitment to become excessive.
5. The Investor has read and understands this Private Placement Memorandum and all its exhibits.

### **15.3 NONACCREDITED INVESTORS**

Up to and including thirty-five (35) investing Subscribers may be accepted by the Company as suitable Investors if each such Subscriber has a net worth sufficient to

bear the risk of losing his entire investment and meets the above "General Suitability Standards."

#### 15.4 ACCREDITED INVESTORS

In addition to satisfying the "General Standards" as defined above, all but thirty-five (35) Subscribers for Shares must each satisfy one of the "Accredited Investors" economic suitability standards as defined below:

1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds Five Hundred Thousand (\$500,000) Dollars;
2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of One Hundred Thousand (\$100,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;
3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
4. Any private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940);
5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;
6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

8. Any entity in which all of the equity owners are Accredited Investors.

NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.

#### 15.5 ACCEPTANCE OF SUBSCRIPTION AGREEMENT BY THE COMPANY

The Investor Suitability Requirements referred to in this section represent minimum requirements for potential Investors. Satisfaction of these standards does not necessarily mean that participation in this Offering constitutes a suitable investment for such a potential Investor or that the potential Investors' Subscription will be accepted by the Company. The Company may, in fact, modify such requirements as circumstances dictate. All Subscription Agreements submitted by potential Investors will be carefully reviewed by the Company to determine the suitability of the potential Investor in this Offering. The Company may, in its sole discretion, refuse a Subscription in this Offering to any potential Investor who does not meet the applicable Investor Suitability Requirements or who otherwise appears to be an unsuitable Investor in this Offering. The Company will not necessarily review or accept a Subscription Agreement in the sequential order in which it is received. The Company also has the discretion to maximize the number of Accredited Investors in this Offering and, as a result, may accept less than thirty-five (35) Non-accredited Investors in this Offering.

#### 16. LITIGATION

The Company and its Managers have no lawsuits pending, no legal actions pending or judgments entered against the Company or Managers and, to the best knowledge of the Company, no legal actions are contemplated against the Company and/or its Managers.

#### 17. ADDITIONAL INFORMATION

Reference materials described in this Private Offering Memorandum are available for inspection at the office of the company during normal business hours. It is the intention of the Company that all potential Investors are given full access to such information for their consideration in determining whether to purchase the Notes being offered. Prospective Investors should contact the Company for access to information regarding the matters set

forth or other information concerning the Company. Representatives of the Company will also answer all inquiries from potential investors concerning the Company and any matters relating to its proposed operations or present activities. The Company will afford potential investors and their representatives the opportunity to obtain any additional information reasonably necessary to verify the accuracy or the source of any representations or information contained in this Private Offering Memorandum. All contracts entered into by the Company are subject to modifications and the Company may make any changes in any such contracts as deemed appropriate in its best discretion. Such recent amendments may not be circulated to subscribers prior to the time of closing this offering. However, potential investors and their representatives may review such material or make inquiry of the Company concerning any of these and any other matters of interest.

## **18. FORECASTS OF FUTURE OPERATING RESULTS**

Any forecasts and proforma financial information which may be furnished by the Company to prospective investors or which are part of the Company's business plan, are for illustrative purposes only and are based upon assumptions made by Management regarding hypothetical future events. There is no assurance that actual events will correspond with the assumptions or that factors beyond the control of the Company will not affect the assumptions and adversely affect the illustrative value and conclusions of any forecasts.

## **19. GLOSSARY OF TERMS**

The following terms used in this Memorandum shall (unless the context otherwise requires) have the following respective meanings:

**ACCEPTANCE.** The acceptance by the Company of a prospective investor's subscription.

**ACCREDITED INVESTORS.** Those investors who meet the criteria set forth in "INVESTOR SUITABILITY REQUIREMENTS."

**BROKER-DEALER.** A person or firm licensed with the NASD, the SEC and with the securities or corporate commissions department of the state in which it sells investment securities and who may employ licensed agents for that purpose.

**COMPANY.** Refers to ERC COMPACTORS LLC, an Arizona Limited Liability Company.

**NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. (NASD).** A self-regulating body which licenses brokers and dealers handling securities offerings, reviews the terms of an offering's underwriting arrangements and

advertising literature and, while not a governmental agency, acts as a review service watchdog to make sure that its regulations and those of the SEC are followed for the Investor's protection in offerings of securities.

**NOTES.** A Fifteen Thousand (\$15,000) Dollar investment consisting of one (1) Promissory Note issued by **ERC COMPACTORS LLC**, an Arizona Limited Liability Company.

**SECURITIES ACT OF 1933.** A federal act regulated and enforced by the SEC that requires, among other things, the registration and use of a prospectus whenever a security is sold (unless the security or the manner of the Offering is expressly exempt from such registration process).

**SECURITIES EXCHANGE ACT OF 1934.** A federal act regulated and enforced by the SEC which supplements the Securities Act of 1933 and contains requirements which were designed to protect investors and to regulate the trading (secondary market) of securities. Such regulations require, among other things, the use of prescribed proxy statements when investors' votes are solicited; the disclosure of management and large shareholders' holding of securities; controls on the resale of such securities; and periodic (monthly, quarterly, annually) filing with the SEC of financial and disclosure reports of the Issuer.

**SECURITIES AND EXCHANGE COMMISSION (SEC).** An independent United States government regulatory and enforcement agency which supervises investment trading activities and registers companies and those securities which fall under its jurisdiction. The SEC also administers statutes to enforce disclosure requirements that were designed to protect investors in securities offerings.

**SUBSCRIPTION DOCUMENTS.** Consists of the Note, Subscription Agreement, Investor Questionnaire and a check as payment for the Note(s) to be purchased submitted by each prospective Investor to the Company.

**TERMINATION DATE.** The earlier to occur of the date on which all Notes are sold or August 7, 2012.

*(the remainder of this page has been intentionally left blank)*

20. ACKNOWLEDGMENT

By signing below, the undersigned acknowledges that he/she has read and understood this entire Private Placement Memorandum.

Marjorie Katz  
Signature

Aug 22 2011  
Date

Marjorie Katz MARJORIE KATZ  
Print Name



**EXHIBIT A**  
**SUBSCRIPTION AGREEMENT**

**Print Name of Subscriber:** Marjorie G. Katz Revocable Trust

**Amount Loaned:** \$50,000.00

**Number of Notes:** 3.3

**ERC COMPACTORS LLC**

**SUBSCRIPTION DOCUMENTS**

**OFFERING OF A MINIMUM OF SIX (6)  
AND A  
MAXIMUM OF ONE HUNDRED (100)  
SECURED PROMISSORY NOTES**

**FIFTEEN THOUSAND (\$15,000) DOLLARS PER NOTE**

**AUGUST 8, 2011**

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**SUBSCRIPTION INSTRUCTIONS**  
(please read carefully)

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Each subscriber for the secured Promissory Notes, Fifteen Thousand (\$15,000) Dollars per Note (the "Notes") of ERC Compactors LLC, an Arizona Limited Liability Company ("the Company"), must complete and execute the Subscription Documents in accordance with the instructions set forth below. The completed documents should be sent to ERC Compactors LLC, 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250.

**Payment for the Securities should be made by check payable to the Company and enclosed with the documents as directed in Section III below.**

- I. These Subscription Documents contain all of the materials necessary for you to purchase the Notes. This material is arranged in the following order:
  - Subscription Agreement
  - Promissory Note
  - Confidential Prospective Purchaser's Questionnaire
- II. All investors must complete in detail, date, initial, and sign the Subscription Documents where appropriate. All applicable sections must be filled in.
- III. Payment for the Notes must be made by check as provided below:

Please make your check payable, in the appropriate amount, for the number of Notes purchased (at Fifteen Thousand (\$15,000) per Note), to "ERC Compactors LLC". Your check should be enclosed with your signed subscription documents.

All funds received from subscribers will be placed in a segregated Holding Account of the Company. Once the minimum offering amount has been reached the funds will be transferred to the Company's operating account and will be available for use.

#### IV **SPECIAL INSTRUCTIONS**

**FOR CORPORATIONS.** Include copy of Board resolution designating the corporate officer authorized to sign on behalf of the corporation, a Board resolution authorizing the investment, and financial statements.

**FOR PARTNERSHIPS.** Provide a complete copy of the partnership agreement, questionnaire, and financial statements for each General Partner.

**FOR TRUSTS.** Provide a complete copy of the instruments or agreements creating the trust, as amended to date.

**Print Name of Subscriber:** Marjorie G. Katz Revocable Trust

**Amount Loaned:** \$50,000.00

**Number of Notes:** 3.3

**Subscription Agreement**

To: ERC Compactors LLC  
8800 E. Chaparral Road  
Suite 270  
Scottsdale, AZ 85250

Gentlemen:

1. **Subscription.** The undersigned hereby subscribes for 3.3 Notes of ERC Compactors LLC (the "Company"), an Arizona Limited Liability Company, and agrees to loan to the Company Fifteen Thousand (\$15,000) Dollars per Note for an aggregate loan of \$50,000.00 (the "Loan Amount") upon the terms and subject to the conditions (a) set forth herein, and (b) described in the Confidential Private Placement Memorandum ("Private Placement Memorandum") dated August 8, 2011 together with all exhibits thereto and materials included therewith, and all supplements, if any, related to this offering. The minimum loan is Fifteen Thousand (\$15,000) Dollars, but the Company has the discretion to offer fractional Notes for loans less than the minimum.

2. **Note Offering.** The Company is offering a minimum of Six (6) and up to a maximum of One Hundred (100) Notes at Fifteen Thousand (\$15,000) Dollars per Note, with a minimum subscription of one (1) Note (the "Offering"). The minimum aggregate loan to the Company will be Ninety Thousand (\$90,000) Dollars and the maximum aggregate loan to the Company from this Offering will be One Million Five Hundred Thousand (\$1,500,000) Dollars. The Offering is being made to a limited number of investors pursuant to an exemption available under the Securities Act of 1933 (the "Act"), specifically Rule 506 promulgated under Regulation D, and under certain other laws, including the securities law of certain states.

3. **Documents to be delivered.** The undersigned is delivering to the Company executed copies of this Subscription Agreement (the "Agreement"), the Note(s), Offeree Questionnaire, and all other applicable exhibits and documents (the "Subscription Documents"). The Subscription Documents should be delivered to ERC Compactors LLC, at 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250. The undersigned understands and agrees that he or it will not become a "Holder" of the Note(s) and the Company shall not become a "Maker" of the Note(s) unless and until the Agreement and Note(s) are executed by the Company.

4. **Making of Loan Amount.** The undersigned, simultaneously with the delivery of the Subscription Documents to the Company, hereby tenders to the Company the Loan Amount by check made payable to the order of ERC Compactors LLC in the amount indicated above.

5. **Acceptance or Rejection of Subscription.** The undersigned understands and agrees that the Company reserves the right, exercisable in its sole discretion, to accept or reject any subscription, in whole or in part, for any reason and that the undersigned will be notified by the Company as promptly as practicable as to whether his or its subscription has been accepted or rejected. If the undersigned's subscription is accepted, in whole or in part, by the Company, the Company will execute this Agreement and the Note(s) and return them to the undersigned. If this subscription is rejected by the Company, either in whole or in part, all funds, in the case of a rejection of the subscription in whole, or those funds representing the amount of the subscription not accepted by the Company, in the case of a rejection of the subscription in part, will be returned to the undersigned as promptly as practicable. If this subscription is rejected in whole by the Company, this Agreement shall be null, void and of no effect. The undersigned does not have the right to withdraw or revoke his or its subscription during the Offering period, except as provided by certain state laws, except that if more than Twenty (20) days shall have passed from the date the Company received completed and executed Subscription Documents and the Loan Amount from the undersigned (the "Acceptance Period"), and the Company has not accepted the subscription during the Acceptance Period, the undersigned may withdraw his or its subscription at any time after the Acceptance Period up until such time that the Company subsequently decides, in its sole discretion, to accept the subscription in whole or in part.

6. **Offering Period.** The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon reaching the minimum offering amount of Ninety Thousand (\$90,000) Dollars.

2. Upon receipt of the maximum Offering subscription amount of One Million Five Hundred Thousand (\$1,500,000) Dollars.

3. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding Twenty (20) days thereafter to which the Company, in its sole discretion, may extend this Offering.

7. **Closing of the Loan.** The Note(s) subscribed for herein shall not be deemed made by the Company or held by the undersigned until this Agreement and the Note(s) have been countersigned by the Company, and until the funds delivered by the undersigned to the Company with the Subscription Documents have been deposited in the Holding Account and have been cleared by the applicable bank of the Company (the

"Effective Date"). Upon the Effective Date, (a) the undersigned shall have loaned to the Company the Loan Amount, (b) the undersigned shall become the Holder and the Company shall become the Maker of the Note(s) subscribed for by the undersigned, and (c) both the undersigned and the Company shall be bound by the terms of the Private Placement Memorandum and the Subscription Documents and any other undertakings described herein.

#### **8. Representations and Warranties.**

(a) The Company hereby represents and warrants as follows:

(i) The Company is a Limited Liability Company duly organized, validly existing and in good standing under the laws of the State of Arizona and has the requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted;

(ii) This Agreement constitutes the valid and binding obligation of the Company enforceable against the Company in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws from time to time in effect which affect creditor's rights generally and by legal and equitable limitations on the availability of specific performance and other equitable remedies under or by virtue of this Agreement). The Company has all requisite power and authority, corporate and other, to execute and deliver this Agreement and the Note(s) and to consummate the transactions contemplated hereby. All persons who have executed this Agreement and the Note(s) on behalf of the Company have been duly authorized to do so by all necessary corporate action. Neither the execution and delivery of this Agreement and the Note(s) nor the consummation of the transactions contemplated hereby will (A) violate any provision of the Certificate of Incorporation or Operating Agreement of the Company, as currently in effect; (B) violate any judgment, order, injunction, decree or award against, or binding upon, the Company or the securities, assets, properties, operations or business of the Company; or (C) violate any law or regulation applicable to the Company or to the securities, assets, properties, operations or business of the Company.

(b) In order to induce the Company to accept the subscription made hereby, the undersigned hereby represents and warrants to the Company as follows:

(i) The undersigned has received the Private Placement Memorandum and the Subscription Documents. The undersigned has read and understands the Private Placement Memorandum and Subscription Documents and the information contained in those documents concerning the Company and this Offering or has caused his or its representative to read and examine the Private Placement Memorandum and Subscription Documents. The undersigned has relied only on the information about the Company contained in these documents and his or its own independent investigation in making his or its subscription. The undersigned

understands that the Notes will be issued with the rights and subject to the conditions described in the Private Placement Memorandum and Subscription Documents;

(ii) The undersigned is familiar with the terms and conditions of the Offering and is aware that his or its investment involves a degree of risk and the undersigned has read the section in the Private Placement Memorandum titled "Risk Factors."

(iii) The undersigned hereby specifically accepts and adopts each and every provision of this Agreement and acknowledges and agrees with each and every provision of this Agreement and, upon acceptance by the Company of the subscription made hereby, agrees to be bound by such provisions.

(iv) The undersigned acknowledges and is aware that there is no assurance as to the future performance of the Company.

(v) The undersigned, if an individual (A) has reached the age of majority in the state in which he resides and (B) is a bona fide resident and domiciliary (not a temporary or transient resident) of the state set forth below his signature on the signature page hereof and has no present intention of becoming a resident of any other state or jurisdiction. The undersigned, if a partnership, corporation, limited liability company, trust or other entity, was organized or incorporated under the laws of the jurisdiction set forth below the signature made on its behalf on the signature page hereof and has no present intention of altering the jurisdiction of its organization, formation or incorporation.

(vi) The undersigned has the financial ability to bear the economic risk of an investment in the Offering, has adequate means of providing for his or its current needs and personal contingencies, has no need for liquidity in the Note(s) and could afford a complete loss of his or its investment in the Offering.

(vii) The undersigned represents and warrants to the Company that he or it comes within one of the categories of investors as defined in Exhibit 1 hereto *(please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity).*

(viii) The undersigned has been given the opportunity to review the merits of an investment in the Offering with tax and legal counsel or with an investment advisor to the extent the undersigned deemed advisable.

(ix) The undersigned's overall commitment to invest in the Note(s), which are not readily marketable, is not disproportionate to his or its net worth and his or its investment in the Offering will not cause such overall commitment to become excessive.

(x) The undersigned has such knowledge and experience in financial and business matters that he or it is capable of evaluating the merits and risks of an investment in the Offering.

(xi) The undersigned has been given a full opportunity to ask questions of and to receive (A) answers from the Company and its Managers concerning the terms and conditions of this Offering and the business of the Company and (B) such other information as he or it desired in order to evaluate an investment in the Offering, and all such questions have been answered to the full satisfaction of the undersigned. No oral or written representations have been made or oral or written information furnished to the undersigned or the undersigned's advisors in connection with the Offering or interests that were in any way inconsistent with this Subscription Agreement. The undersigned is not participating in the Offering as a result of or subsequent to: (1) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television, radio or the internet or (2) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

(xii) If the undersigned is a corporation, limited liability company, partnership, trust or other entity, it is authorized and qualified to make this loan to the Company and the person signing this Agreement on behalf of such entity has been duly authorized by such entity to do so.

(xiii) If the undersigned is a corporation, limited liability company or partnership, the person signing this Agreement on its behalf hereby represents and warrants that the information contained in this Agreement completed by any shareholders of such corporation, members of such limited liability company or partners of such partnership is true and correct with respect to such shareholder, member or partner (and if any such shareholder is itself a corporation, limited liability company or partnership, with respect to all persons having an equity interest in such corporation, limited liability company or partnership, whether directly or indirectly) and that the person signing this Agreement has made due inquiry to determine the truthfulness and accuracy of the information contained in this Agreement.

(xiv) The purchase of the Note(s) by the undersigned has been duly authorized, and the execution, delivery and performance of this Agreement does not conflict with the undersigned's partnership agreement, certificate of incorporation, by-laws, articles of organization, operating agreement or any agreement to which the undersigned is a party and this Agreement is a valid and binding agreement enforceable against the undersigned in accordance with its terms.

(xv) The undersigned hereby represents that he or it is subscribing for the Notes as principal or as trustee, solely for the account of the undersigned, for investment purposes only and not with a view to, or for, subdivision, resale, distribution, or fractionalization thereof, in whole or in part, or for the account, in



whole or in part, of others, and, except as disclosed herein, no other person has a direct or indirect beneficial interest in the Note(s). The undersigned will hold the Note(s) as an investment and has no reason to anticipate any change in circumstances or other particular occasion or event, which would cause the undersigned to attempt to sell any of the Note(s).

(xvi) The undersigned acknowledges his or its understanding that (A) the Offering of the Note(s) by the Company has not been registered under the Act, as amended, or the securities laws of certain states in reliance on specific exemptions from registration, (B) the Confidential Memorandum and Subscription Documents have not been filed with or reviewed by the Securities and Exchange Commission or the securities department of any state and no securities administrator of any state or the federal government has recommended or endorsed this Offering or made any finding or determination relating to the fairness of an investment in the Company, and (C) the Offering of the Note(s) by the Company is intended to be exempt from registration pursuant to Section 4 (2) of the Act and the rules promulgated thereunder by the Securities and Exchange Commission, and that the undersigned's Note(s) cannot be sold, pledged, assigned or otherwise disposed of unless they are registered under the Act or an exemption from such registration is available.

(xvii) The undersigned represents and warrants that he or it will not transfer or convey all or part of his or its financial interest in the Note(s) unless such Note(s) are subsequently registered under the Act, or an exemption from such registration is available and without (A) the prior written consent of the Company and (B) an opinion of counsel acceptable to the Company and its counsel to the effect that the Note(s) may be transferred without violation of the registration requirements of the Act or any applicable state securities laws, as may be amended from time to time. The undersigned further acknowledges that there can be no assurance that the Company will file any registration statement for the Note(s) for which the undersigned is subscribing, that such registration statement, if filed, will be declared effective or, if declared effective, that the Company will be able to keep it effective until the undersigned sells the Note(s) registered thereon.

(xviii) The undersigned understands that this Agreement is subject to the Company's acceptance and may be rejected by the Company at any time in its sole discretion in whole or any part prior to issuance of the Note(s) with respect to the undersigned's subscription, notwithstanding prior receipt by the undersigned of notice of acceptance of the undersigned's subscription. The Company reserves the right to withdraw the Offering at any time.

(xix) The undersigned acknowledges that this Agreement shall become binding upon the undersigned when it is countersigned by the Company and the undersigned is not entitled to cancel, terminate, or revoke this subscription before or after acceptance by the Company, except as otherwise provided in this Agreement.

(xx) All information provided by the undersigned in the Investor Questionnaire and Investor Representative Questionnaire (if applicable) which accompanies this Agreement is true and accurate in all respects, and the undersigned acknowledges that the Company will be relying on such information to its possible detriment in deciding whether the Company can make these Note(s) to the undersigned without giving rise to the loss of an exemption from registration under the applicable securities laws.

**9. Foreign Person.** If the undersigned has indicated on the signature page of this Agreement that he, she or it is a foreign person, he, she or it agrees to notify the Company in writing within sixty (60) days of becoming a nonresident alien, foreign corporation, foreign partnership, foreign trust, foreign estate or other foreign entity, as the case may be.

**10. Indemnity.** The undersigned agrees to indemnify and hold harmless the Company, its managers, members, agents, attorneys and affiliates and each other person, if any, who controls any thereof, within the meaning of Section 15 of the Act, against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the undersigned to comply with any covenant or agreement made by the undersigned herein or in this Agreement or in any other document furnished by the undersigned to any of the foregoing in connection with this transaction.

**11. Notice.** All notices in connection with this Agreement shall be in writing and personally delivered or delivered via overnight mail, with written receipt therefor, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 11) with a copy, in the case of notice to the Company, to ERC Compactors LLC, at 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

**12. Miscellaneous.**

(a) This Agreement is not assignable by the undersigned. This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) This Agreement shall be deemed to have been made in the State of Arizona and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in State of Arizona. The parties hereto hereby consent to personal

jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Agreement.

(c) This Agreement contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Agreement shall be effective unless in writing and signed by both parties to this Agreement.

(d) No waiver of any breach of any terms of this Agreement shall be effective unless made in writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall be construed as a waiver of any subsequent breach of that term or of any other term of the same or different nature.

(e) If any provision or portion of this Agreement or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Agreement.

(f) Each of the parties hereto shall cooperate and take such actions, and execute such other documents, at the execution hereof or subsequently, as may be reasonably requested by the other in order to carry out the provisions and purposes of this Agreement.

IN WITNESS WHEREOF, the undersigned, by his or its execution hereof, agrees to be bound by this Agreement.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2011,  
at \_\_\_\_\_ (City), \_\_\_\_\_ (State).

**If the Investor is an INDIVIDUAL, complete the following:**

The undersigned (*circle one*): **[is]** **[is not]** a citizen or resident of the United States.

\_\_\_\_\_  
Print Name of Individual:

\_\_\_\_\_  
Print Name of Spouse if Funds are to  
be invested in Joint Name or are  
Community Property:

\_\_\_\_\_  
Print Social Security Number of Individual:

\_\_\_\_\_  
Print Social Security Number of  
Spouse

\_\_\_\_\_  
Signature of Individual

\_\_\_\_\_  
Signature of Spouse if Funds are to be  
Invested in Joint Name or are  
Community Property

\_\_\_\_\_  
Print Address of Residence:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Print Telephone Number:  
(    )  
\_\_\_\_\_

The investor is **PARTNERSHIP, CORPORATION, TRUST OR OTHER ENTITY**, complete the following:

The undersigned (circle one) [is] [is not] a foreign partnership, foreign corporation, trust or foreign estate (as defined in the Internal Revenue Code of 1986, as amended, and the treasury regulations promulgated there under).

Marjorie G. Katz Revocable Trust  
Print Name of Partnership, Corporation,  
Trust or Entity:

Co-Trustee  
Title of Authorized Representative

Signature of Authorized Representative

Maricopa County, AZ  
Print Jurisdiction of Organization or  
Incorporation

Marjorie G. Katz  
Print Name of Authorized Representative

[REDACTED]  
Print Federal Tax Identification Number

Print Address of Residence:

Print Telephone Number:

[REDACTED]  
[REDACTED] MO [REDACTED]

[REDACTED]

#### ACCEPTANCE

The terms of the foregoing, including the subscription described therein, are agreed to and accepted on this \_\_\_\_ day of \_\_\_\_\_, 2011

**ERC COMPACTORS LLC**

By: [Signature] 11-15-11  
Jason Todd Mogler - President

By: [Signature]  
Jim Hinkeldey - Vice-President

**EXHIBIT 1**

**EXHIBIT 1  
INVESTOR STATUS**

*(Please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity).*

                      
initials

A. **"Non- accredited Investor"**. The undersigned does not meet the definition of an "Accredited Investor" as defined herein below;

MGK  
initials

B. **"Accredited Investor"**. The undersigned is an Accredited Investor as defined below (*check applicable box*):

☐ 1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds Five Hundred Thousand (\$500,000) Dollars;

☐ 2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of One Hundred Thousand (\$100,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;

☐ 3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U. S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

☐4. Any private business development company (as defined in Section 202(a)(22) of the Investment Advisers Act of 1940);

☐5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;

☐6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

☐7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

☐8.\* Any entity in which all of the equity owners are Accredited Investors.

**NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.**

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\* If this box is checked, please indicate on a separate schedule to be attached hereto, the category of Accredited Investor in which each equity owner of such entity is included.

**EXHIBIT B**  
**PROMISSORY NOTE**



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**EXHIBIT B**

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**PROMISSORY NOTE**

**THIS NOTE HAS BEEN MADE FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO OR FOR SALE IN CONNECTION WITH THE DISTRIBUTION THEREOF AND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THIS NOTE MAY NOT BE SOLD, TRANSFERRED, OR ASSIGNED ("TRANSFER") UNLESS IT IS SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE AND THE MAKER CONSENTS IN WRITING TO SUCH TRANSFER.**

**ERC COMPACTORS LLC, an Arizona Limited Liability Company, with offices at 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250 (the "Maker"), for value received, promises to pay to the Individual and/or legal entity designated in this Note as the "HOLDER," the principal sum of Fifty Thousand (\$50,000.00) Dollars.**

**The Notes will have an annual rate of return of Twenty-Four (24%) percent simple interest over the term thereof, with a maturity date of Twenty-Four (24) months from the Commencement Date of each Note.**

**Principal and Interest shall be paid as follows:**

**Principal: Principal shall be paid at maturity. The maturity date is Twenty-Four (24) months from the Commencement Date of each Note.**

**Interest: Since there is a delivery period of approximately Ninety (90) days between the equipment purchase date and equipment delivery date, the first Ninety (90) days of interest will be deferred. The deferred interest (\$300 per month or \$900 for 90 days) will be added onto the note's principal amount of \$15,000. The new principal balance of the Note on the Ninety-First (91) day after the Commencement Date will be Fifteen Thousand Nine Hundred (\$15,900) dollars. Interest will be calculated on the combined amount of \$15,900 (\$15,900) and will be paid monthly commencing in the Fourth (4<sup>th</sup>) month.**

**The principal and any interest due on said principal may be prepaid at the sole discretion of the Company, without a prepayment penalty.**

## **1. NOTES**

This Note in the principal amount of Fifteen Thousand (\$15,000) Dollars per Note, or any fractional amounts, is offered for sale by the Maker, pursuant to that certain "Private Placement Memorandum" dated August 8, 2011. The Note shall be senior debt of the Maker.

## **2. EVENTS OF DEFAULT**

A default shall be defined as one or more of the following events ("Event of Default") occurring and continuing:

- (a) The Maker shall fail to pay any interest payment on this Note when due for a period of Twenty (20) days after notice of such default has been sent by the Holder to the Maker.
- (b) The Maker shall dissolve or terminate the existence of the Maker.
- (c) The Maker shall file a petition in bankruptcy, make an assignment for the benefit of its creditors, or consent to or acquiesce in the appointment of a receiver for all or substantially all of its property, or a petition for the appointment of a receiver shall be filed against the Maker and remain unstayed for at least ninety (90) days.
- (d) If the maturity date is extended this will not be considered an event of default.

Upon the occurrence of an Event of Default, the Holder of this Note may, by written notice to the Maker, declare the unpaid principal amount and all accrued interest of the Note immediately due and payable.

## **3. SECURITY FOR PAYMENT OF THE NOTE(S)**

The Note(s) offered by the MAKER are secured by the equipment/compactors purchased.

## **4. COMMENCEMENT DATE OF THE NOTE**

The Commencement Date of the Note shall be the "Effective Date," as defined in that certain "Subscription Agreement" attached as Exhibit A to the Private Placement Memorandum.

## **5. STATUS OF HOLDER**

The Maker may treat the Holder of this Note as the absolute owner of this Note for the purpose of making payments of principal or interest and for all other purposes,

and shall not be affected by any notice to the contrary, unless the Maker so consents in writing.

**6. SECURITIES ACT RESTRICTIONS**

This Note has not been registered for sale under the Act. This Note may not be sold, offered for sale, pledged, assigned or otherwise disposed of, unless certain conditions are satisfied, as more fully set forth in the Subscription Agreement.

**7. ATTORNEYS' FEES**

The prevailing party in an action to enforce this Note shall be entitled to reasonable attorneys' fees, costs and collection expense.

**8. MISCELLANEOUS.**

(a) **Successors and Assigns.** The Holder may not assign, transfer or sell this Note to any party without the express written consent of the Maker. This Note shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) **Entire Agreement.** This Note contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Note shall be effective unless in writing and signed by both parties to this Note.

(c) **Notices.** All notices in connection with this Note shall be in writing and personally delivered or delivered via overnight mail, with written receipt therefore, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 8) with a copy to ERC Compactors LLC, 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

(d) **Section Headings.** The headings of the various sections of the Note have been inserted as a matter of convenience for reference only and shall be of no legal effect.

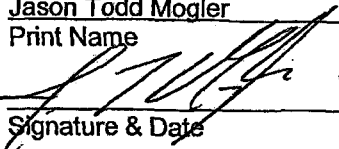
(e) **Severability.** If any provision or portion of this Note or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Note.

conflict of laws rules applied in the State of Arizona. The parties hereto hereby consent to personal jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Note.

**Maker:**

ERC Compactors LLC,  
An Arizona LLC  
8800 E. Chaparral Road  
Suite 270  
Scottsdale, AZ 85250

Jason Todd Mogler  
Print Name

 11-15-11  
Signature & Date

**Holder:**

Marjorie G. Katz Revocable Trust

\_\_\_\_\_  
Sign & Date

Marjorie G. Katz  
Print Name

Address: \_\_\_\_\_

\_\_\_\_\_  
MO \_\_\_\_\_



**EXHIBIT C**  
**Investor Suitability Questionnaire**

EXHIBIT C

ERC Compactors LLC

**Investor Suitability Questionnaire**

To: Prospective purchasers of Promissory Notes (the "Notes") offered by ERC Compactors LLC (the "Company").

The Purpose of this Questionnaire is to solicit certain information regarding your financial status to determine whether you are an "Accredited Investor," as defined under applicable federal and state securities laws, and otherwise meet the suitability criteria established by the Company for purchasing Notes. ***This questionnaire is not an offer to sell securities.***

Your answers will be kept as confidential as possible. You agree, however, that this Questionnaire may be shown to such persons as the Company deems appropriate to determine your eligibility as an Accredited Investor or to ascertain your general suitability for investing in the Notes.

***Please answer all questions completely and execute the signature page***

**A. Personal**

1. Name: \_\_\_\_\_

2. Address of Principal Residence: \_\_\_\_\_

\_\_\_\_\_ County: \_\_\_\_\_

3. Residence Telephone: (\_\_\_\_\_) \_\_\_\_\_

4. Where are you registered to vote? \_\_\_\_\_

5. Your driver's license is issued by the following state: \_\_\_\_\_

6. Other Residences or Contacts: Please identify any other state where you own a residence, are registered to vote, pay income taxes, hold a driver's license or have any other contacts, and describe your connection with such state:

\_\_\_\_\_  
\_\_\_\_\_

7. Please send all correspondence to:

(1) \_\_\_\_\_ Residence Address (as set forth in item A-2)

(2)\_\_\_\_\_ Business Address (as set forth in item B-1)

8. Date of Birth:\_\_\_\_\_

9. Citizenship:\_\_\_\_\_

10. Social Security or Tax I.D. #:\_\_\_\_\_

**B. Occupations and Income**

1. Occupation:\_\_\_\_\_

(a) Business Address:\_\_\_\_\_

(b) Business Telephone Number: (\_\_\_\_\_)\_\_\_\_\_

2. Gross income during each of the last two years exceeded:

(1)\_\_\_\_\_ \$25,000 (2)\_\_\_\_\_ \$50,000

(3)\_\_\_\_\_ \$100,000 (4)\_\_\_\_\_ \$200,000

3. Joint gross income with spouse during each of the last two years exceeded \$300,000

(1)\_\_\_\_\_ Yes (2)\_\_\_\_\_ No

4. Estimated gross income during current year exceeds:

(1)\_\_\_\_\_ \$25,000 (2)\_\_\_\_\_ \$50,000

(3)\_\_\_\_\_ \$100,000 (4)\_\_\_\_\_ \$200,000

5. Estimated joint gross income with spouse during current year exceeds \$300,000

(1)\_\_\_\_\_ Yes (2)\_\_\_\_\_ No

**C. Net Worth**

1. Current net worth or joint net worth with spouse (note that "net worth" includes all of the assets owned by you and your spouse in excess of total liabilities, including the fair market value, less any mortgage, of your principal residence.)

(1)\_\_\_\_\_ \$50,000-\$100,000 (2)\_\_\_\_\_ \$100,000-\$250,000 (3)\_\_\_\_\_ \$250,000-\$500,000

(4)\_\_\_\_\_ \$500,000-\$750,000 (5)\_\_\_\_\_ \$750,000-\$1,000,000 (6)\_\_\_\_\_ over \$1,000,000

2. Current value of liquid assets (cash, freely marketable securities, cash surrender value of life insurance policies, and other items easily convertible into cash) is sufficient to provide for current needs and possible personal contingencies:

(1) ☒ Yes

(2) ☐ No

**D. Affiliation with the Company**

Are you a director or executive officer of the Company?

(1) ☒ Yes

(2) ☐ No

**E. Investment Percentage of Net Worth**

If you expect to invest at least \$100,000 in Notes, does your total purchase price exceed 10% of your net worth at the time of sale, or joint net worth with your spouse.

(1) ☒ Yes

(2) ☐ No

**F. Consistent Investment Strategy**

Is this investment consistent with your overall investment strategy?

(1) ☒ Yes

(2) ☐ No

**G. Prospective Investor's Representations**

The information contained in this Questionnaire is true and complete, and the undersigned understands that the Company and its counsel will rely on such information for the purpose of complying with all applicable securities laws as discussed above. The undersigned agrees to notify the Company promptly of any change in the foregoing information which may occur prior to any purchase by the undersigned of securities from the Company.

Prospective Investor:

Margaret Katz  
Signature

Date: Aug 22, 2011

Signature (of joint purchase if purchase is to be made as joint tenants or as tenants in common)

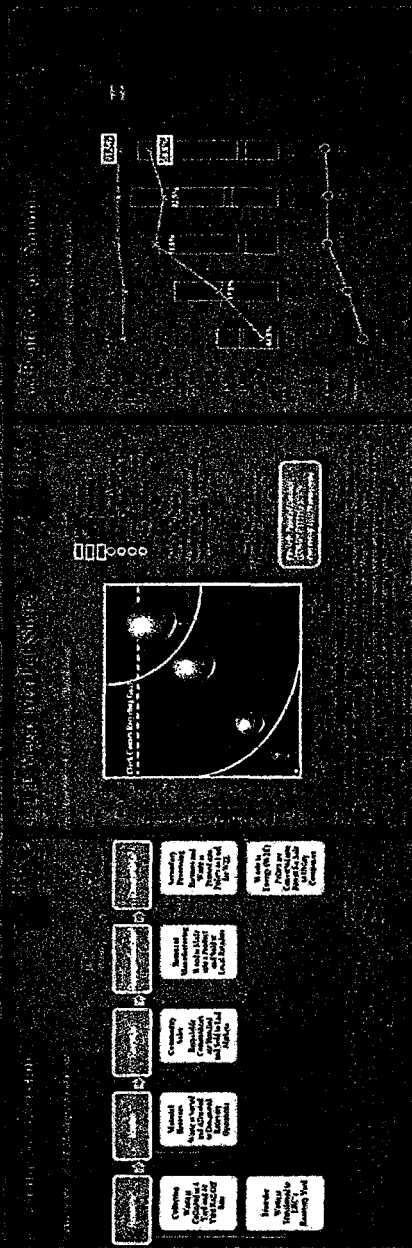


**EXHIBIT D**  
**ERC COMPACTORS LLC**  
**BUSINESS PLAN**



# ERC of Nevada

Business Plan for the Las Vegas Flagship Material Recovery Facility



A New Mission  
10 Years in the Making

Innovative Growth Strategy &  
Implementation Model

Financial Forecast  
for Phase 1 Flagship

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# Disclaimer & Confidentiality



*Recycling 99% of ALL Municipal Solid Waste*

Nothing contained in this presentation is, or should be relied upon as, a promise or representation as to the future. Any projections contained herein or otherwise made available are based on management's analysis of information available at the time this document was prepared and on assumptions and perspectives that may be unique to ERC of Nevada management, which may or may not prove to be correct. There can be no representation, warranty or other assurance as to the accuracy or completeness of such projections or that any such projections will be realized. Recipients of this presentation should conduct their own investigation and analysis of the business, data and property described.

In addition, all information and materials contained herein and/or any subsequent written or oral information which any Disclaiming Party may impart or deliver that in any way relates to the subject matter of these materials is and shall conclusively be deemed confidential and proprietary to ERC of Nevada. You are not authorized to disclose or deliver these materials or any information herein or any oral or written information relating in any way hereto to any other person or party whatsoever. Without limiting the foregoing in any way, in the event that you have heretofore entered into or are otherwise bound by a confidentiality or similar agreement with ERC of Nevada, these materials and any subsequent written or oral information relating to the subject matter hereof are being delivered to you expressly subject to the terms, provisions and restrictions of such confidentiality or similar agreement.

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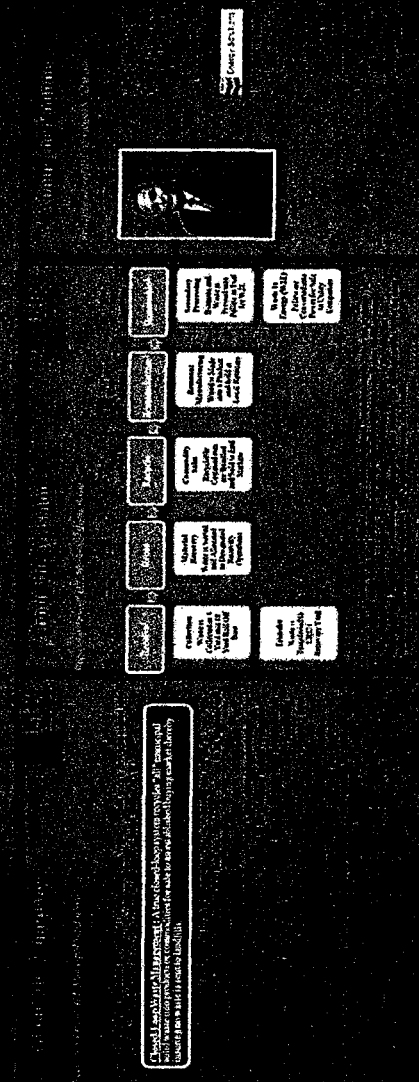
*Recycling 99% of ALL Municipal Solid Waste*

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# 1. Company Overview

Demonstrating a Solid Foundation with a Superior Mission



1.1 About the Company

1.2 About the Mission

1.3 About the Founder

## 1.1 About the Company



### *Recycling 99% of ALL Municipal Solid Waste*

ERC of Nevada is launching a Flagship Operation in Las Vegas, Nevada with a first true closed loop process in the U.S. and a goal to recycle 99% of all Municipal Solid Waste (MSW).

**Closed-Loop Waste Management :** A true closed-loop system recycles "all" municipal solid waste into products or commodities for sale to an established buying market thereby insuring no waste is sent to landfills.

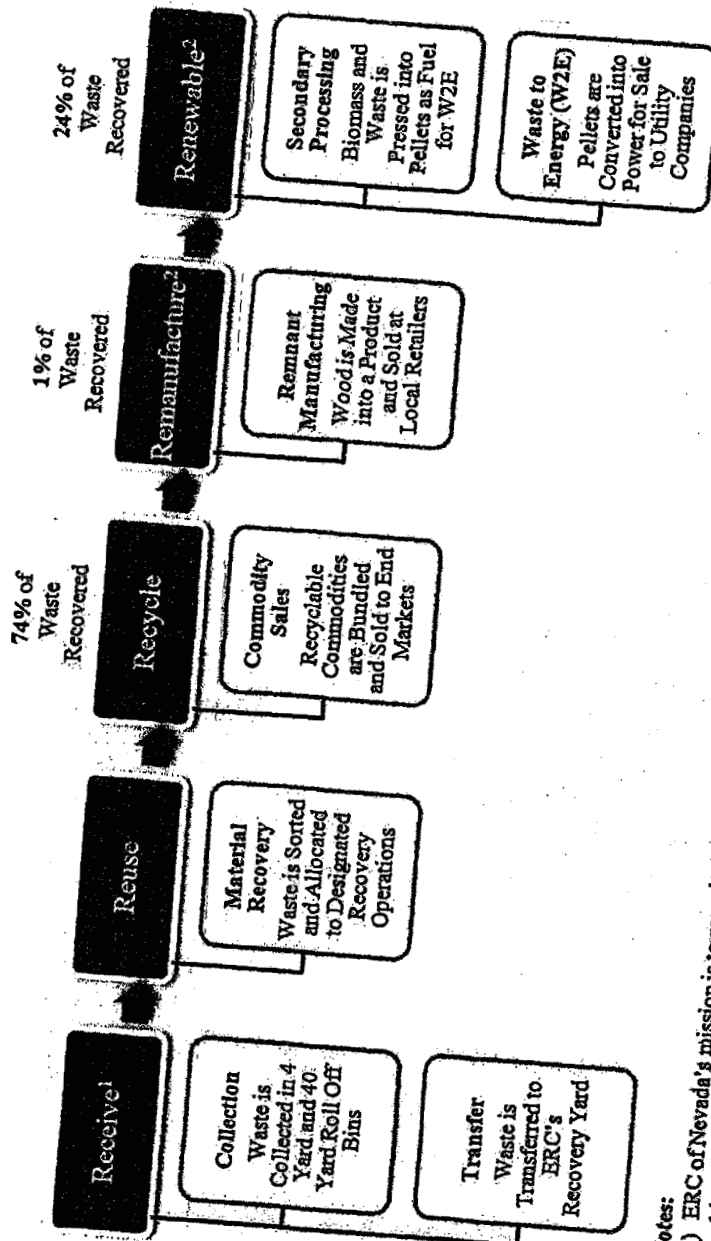
Other waste management and material recovery competitors offer solutions that recycle at best 70% of the waste received. ERC of Nevada's mission is to take the closed-loop process to its ultimate end by administering 99% of the waste received.

One of the primary reasons behind the industries lack of providing a true closed-loop solution is the long-standing and guaranteed supply of income from landfills. In fact, leading industry competitors have invested billions of dollars toward owning and operating landfills for long-term profits and are thus biased toward maintaining (and growing) landfill revenues; all the while publically promoting waste-to-landfill reduction policies in their respective Press Release campaigns. Our company does not have such double-standard biases.

To our knowledge, no other company operates a true closed loop waste recycling and processing facility where 99% of the municipal and industrial waste is recycled into products for sale to commodity or retail markets. This includes back-end biomass and biofuel/renewable energy services which converts organic waste into biofuel in our secondary processing operation. Finally, inorganic waste (e.g. leather, rubber and textiles) and organic biofuel is converted into power in our Waste to Energy (W2E) plant for sale to energy and utility companies.

## 1.2 About the Mission

Recycling 99% of ALL Municipal Solid Waste



### Notes:

- (1) ERC of Nevada's mission is to recycle 99% of all waste received / delivered. Competitors recycle 70% or less of waste. The big four (4) in the market recycle even less due to their conflicted business model which seeks to grow landfill revenues.
- (2) The Company's unique business model adds two (2) additional R's to the normal three (3) R's of Recycling, that is: Remanufacture and Renewable. By remanufacturing and converting waste to power, ERC is able to recycle 99% of the waste received and thus drop landfill disposal down to 1%. A significant advantage in the market.

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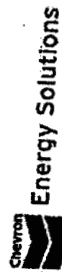
## 1.3 About the Founder

*Recycling 99% of ALL Municipal Solid Waste*



Tony Salazar  
Founder & CEO

Tony Salazar, Founder & CEO, is a recognized expert in the U.S. and Nevada Markets for Municipal Solid Waste (MSW) recycling. He has over ten (10) years of Materials Recovery experience and is a recognized leader in public and government relations helping municipalities with "Go Green" initiatives central to the Company's differentiation strategy.



His extensive public affairs experience includes working as a Partner and Sub Contractor for Chevron Energy Solutions, the "Green Arm" of Chevron Oil.

### Memberships Include:

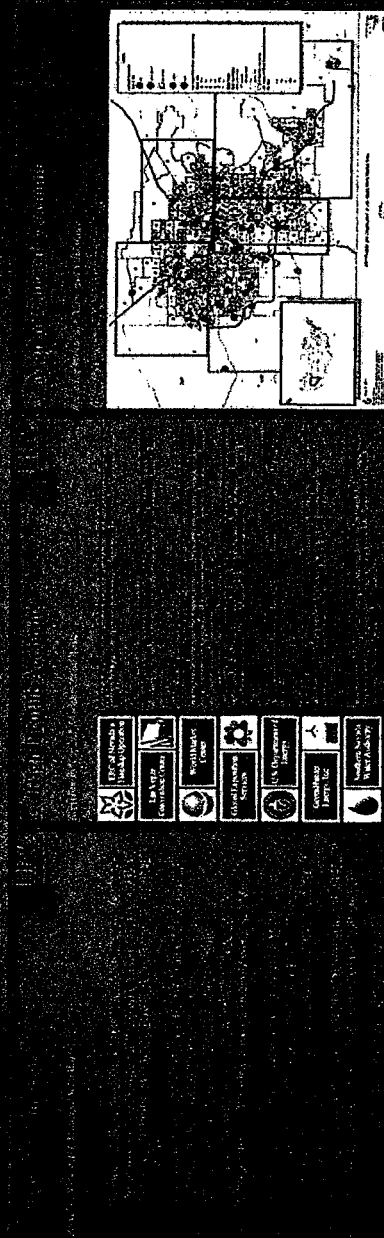
- President and Board Member of the Nevada Recyclers Association – Current
- Construction Materials Recycling Council – Member
- U.S. Green Building Council – Member
- North Las Vegas Chamber – Member
- Latin Chamber – Member
- Green Chamber of Commerce – Member





## 2. Background

Bringing a New Vision that was 10 Years in the Making



2.1 How We Got Here

2.2 Customers

2.3 Financial Performance

## 2.1 How We Got Here



### *Recycling 99% of ALL Municipal Solid Waste*






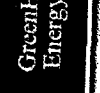

- Initially founded in April, 2000 as C&D Construction Clean-up, the Company expanded operations and services while improving recycling run rates to 83% of waste delivered in 2010 and an average recycling run rate of 70% during the last three (3) years.
- Over ten (10) years of operating history in Las Vegas with consistent revenues despite two significant economic fallout.
- Cornered the Las Vegas expo and conference markets in 2010.
- Currently runs five (5) of the planned seven (7) waste service operations: Collection, Transfer, Material Recovery, Commodity Recycling, and Remnant Manufacturing.
- Remaining operations will be included in the new Flagship Model:
  - Secondary Processing: where sorted waste is converted to pellets; and;
  - Waste to Energy: where pellets are converted into power for sale to municipalities and large utility companies.
- Exceeded capacity of existing two and one-half (2.5) acre facility and will expand to a five (5) acre lot for increased volumes in support of ERC's mission:

**“Recycling 99% of ALL Municipal Solid Waste”**

## 2.2 High Profile Accounts



Recycling 99% of ALL Municipal Solid Waste

 <p>ERC of Nevada's Flagship Operation</p>	<p>Of ERC's eighty (80) current customers, the following represent the Company's Key High Profile Accounts.</p>
 <p>Las Vegas Convention Center</p>	<p>Provide bulk trash exposition clean-up services at show sites including labor to haul-off trash.</p>
 <p>World Market Center</p>	<p>In addition to bulk trash exposition booth services, we administer a recycling program which includes separating Styrofoam and cardboard from the trash and bailing onsite for transportation to California.</p>
 <p>Global Exposition Services</p>	<p>Operate a full recycling program for bulk trash collection which includes blue bins for their corporate offices. Under a three (3) year lease agreement with an option to buy.</p>
 <p>U.S. Department of Energy</p>	<p>Agreement includes servicing two (2) locations under an exclusive five (5) year contract.</p>
 <p>GreenHunter Energy, Inc.</p>	<p>In discussions for a biomass fuel purchasing agreement. Nearing final stages of negotiation. (Estimated volume of biomass feed is 15,000 tons p/month)</p>
 <p>Southern Nevada Water Authority</p>	<p>In conjunction with Chevron Energy Solutions, ERC of Nevada is in negotiations for a long-term renewable biomass fuel purchase agreement with Southern Nevada Water Authority, a current vendor of ERC for recycling.</p>

## 2.3 Map of Current Accounts



*Recycling 99% of ALL Municipal Solid Waste*

**Greater Las Vegas, Nevada Metropolitan Market**

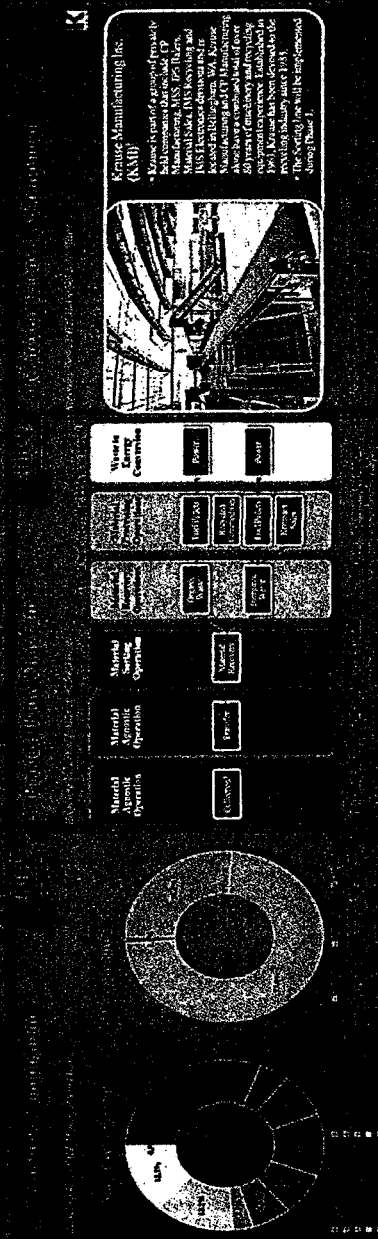


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### 3. Process & Equipment

The Process and Equipment Required to Recycle and Process 99% of MSW

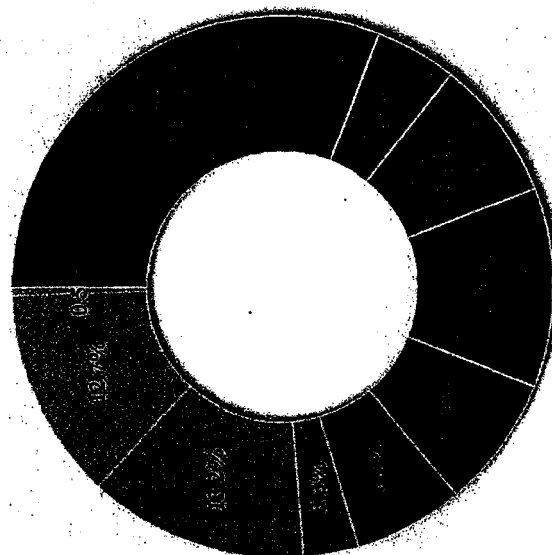


### 3.1 Feedstock Composition



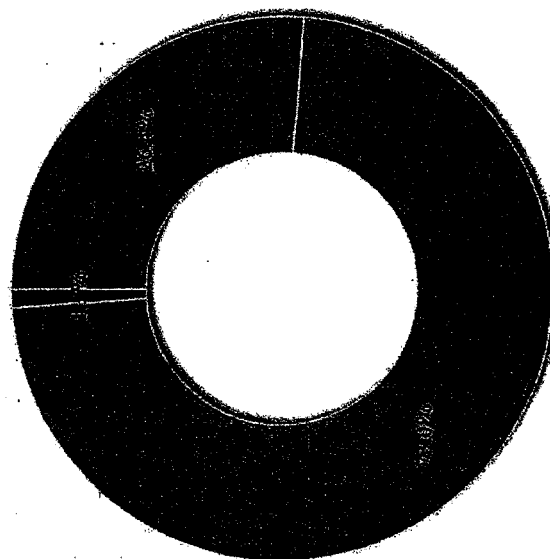
Recycling 99% of ALL Municipal Solid Waste

Average MSW Composition<sup>1</sup>



- Paper
- Metals
- Rubber, Leather & Textiles
- Misc. Inorganic Scrap
- Bio Scraps
- Glass
- Plastics
- Wood
- Yard Trimmings
- Misc. Organic Waste

Material Classification



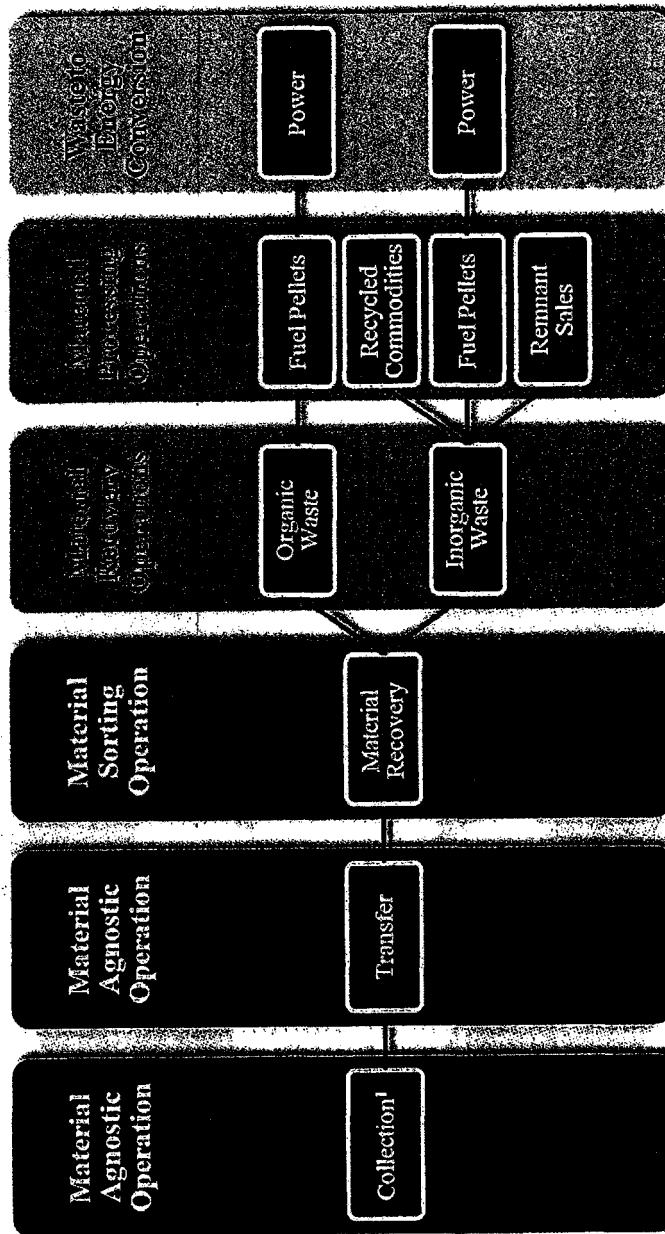
- Organic
  - Inorganic<sup>2</sup>
  - Landfill
- Notes:
- (1) Source: "Municipal Solid Waste Generation, Recycling, and Disposal in the United States: Facts and Figures for 2008" EPA
- (2) Material disposed in landfill represents a small % of inorganic waste delivered. Examples include: drywall, roof tiles, shingles, plaster, foam core, and mud boxes.

## 3.2.1 Process Flow Diagram



Recycling 99% of ALL Municipal Solid Waste

This is how recycling 99% is achieved

















### Notes:

- (1) All waste / trash is collected and transferred to ERC's Material Recovery Facility where trash is separated and sorted into recoverable categories. All (100%) of organic waste is processed into biofuel pellets and transferred to the Waste to Energy (W2E) plant for conversion into power. 99% of inorganic waste is either recycled as a commodity, remanufactured into new products for sale at Home Depot or converted into waste pellets and transferred to the W2E plant for conversion into power.

## 3.3.1 Equipment Overview



Recycling 99% of ALL Municipal Solid Waste

	Trash Collection		The Company runs a fleet of 4 cubic yard trash bins and 15-40 cubic yard roll off bins from their corporate offices where waste is collected. (Phase 1 & 2)
	Waste Transfer		The Company transports trash and roll off bins to customer locations and picks-up the bins for delivery at our facility. (Phase 1 & 2)
	Material Sorting & Recovery		The Materials Recovery Facility (MRF) is the operating hub where all waste is received, separated and sorted into material groups, and allocated for reuse, recycling, remanufacturing, or as feed stock for renewable energy. (Phase 1 & 2)
	Commodity Recycling & Sales		This is the commodity sales arm where pre-sorted recyclable materials are sold to commodity markets. (Phase 1 & 2)
	Remnant Wood Manufacturing		Wood is received from the MRF and repurposed and bundled into products and sold to retail outlets such as Home Depot and Lowes. (Phase 1 & 2)
	Fuel Peller Secondary Processing		Pre-sorted waste is received and converted into fuel for the waste to energy operation. (Phase 2 Only)
	Waste to Energy Power Conversion		The Waste-to-Energy (WTE) operation converts inorganic and organic wastes into power for sale to energy and utility companies. (Phase 2 Only)

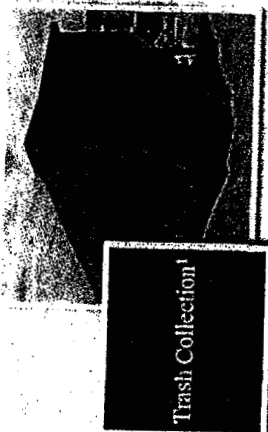


## 3.3.2 Assets and Equipment



Recycling 99% of ALL Municipal Solid Waste

Phase 1 & 2

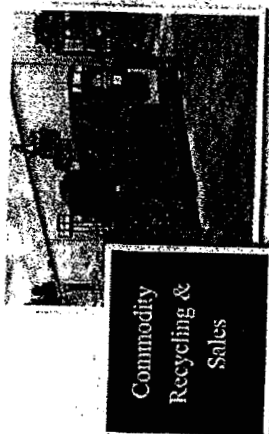


Trash Collection<sup>1</sup>

Phase 1 & 2



Waste Transfer



Commodity  
Recycling &  
Sales



Remnant Wood  
Manufacturing

### Notes:

- (1) ERC of Nevada currently owns 138 trash bins, 5 commodity balers, 3 roll off trucks, 1 scale, and 15 recycling and yard management equipment. In addition, ERC owns all Remnant Wood Manufacturing equipment. The Company does not currently own any residential waste transfer trucks. Additional equipment required is identified in the Phase 1 Cash Flow Forecast.

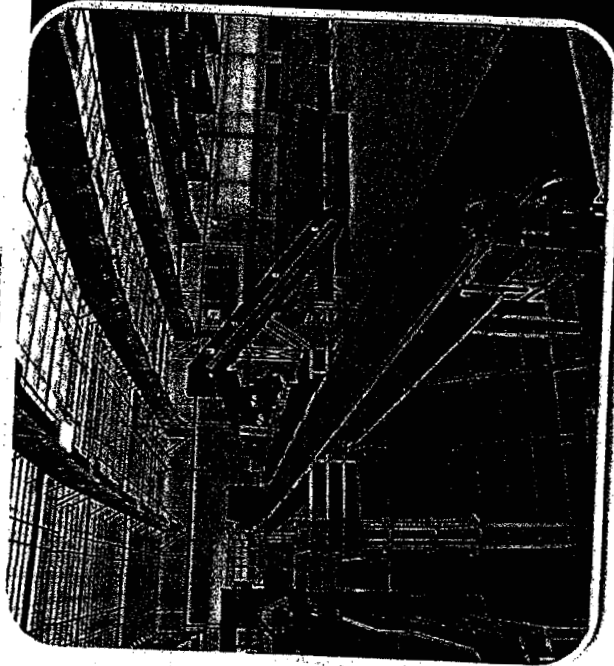
### 3.3.3 Material Recovery Equipment



Recycling 99% of ALL Municipal Solid Waste



Phase 1 & 2



#### Krause Manufacturing Inc. (KMI)<sup>1</sup>

- Krause is part of a group of privately held companies that include: CP Manufacturing, MSS, IPS Balers, Material Sales, IMS Recycling and IMS Electronics divisions and is located in Belingham, WA. Krause Manufacturing and CP Manufacturing alone have a combined total of over 80 years of machinery and recycling equipment experience. Established in 1963, Krause has been devoted to the recycling industry since 1985.
- The Sorting line will be implemented during Phase 1.

#### Notes:

- (1) ERC of Nevada selected Krause Manufacturing for the Material Recovery Sorting technology due to a number of factors, including familiarity with equipment set-up, operations, and cost. In addition, ERC has reviewed other Material Recovery Sorting systems and believe Krause's equipment provides the best, bare bone sorting technology at an affordable cost. Finally, the company's long-term (80+) years of history was given added consideration in comparison to other manufacturers.

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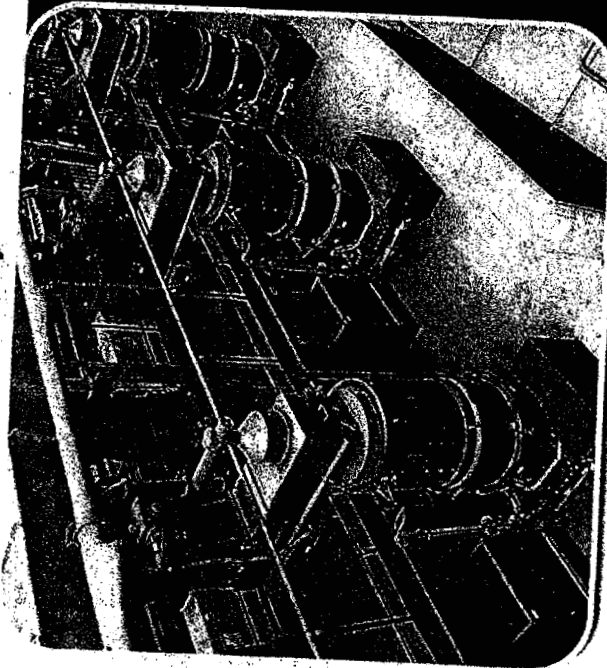
### 3.3.4 Fuel Pellet Equipment



*Recycling 99% of ALL Municipal Solid Waste*



Phase 2 Only



#### Amandus Kahl

- Amandus Kahl is part of The Company Kahl Group in Hamburg, Germany. Founded in 1876, the Company today looks back on more than 125 years of machine and plant construction. Amandus Kahl plans, develops and builds machines, equipment and turnkey production factories for the conditioning and pelleting of materials for the waste, recycling and biomass industries.
- The Secondary Processing pellet manufacturing plant will be implemented during Phase 2.

#### Notes:

- (1) ERC of Nevada selected Amandus Kahl for the Secondary Processing of Waste and Biomass Fuel Pellet manufacturing technology. Amandus Kahl came highly recommend by trusted sources in the International waste and power management industries. Kahl has a proven track record of manufacturing waste pellets from a variety of feed stocks with / and without integration into waste to energy technologies, particularly in Germany and other European Countries.

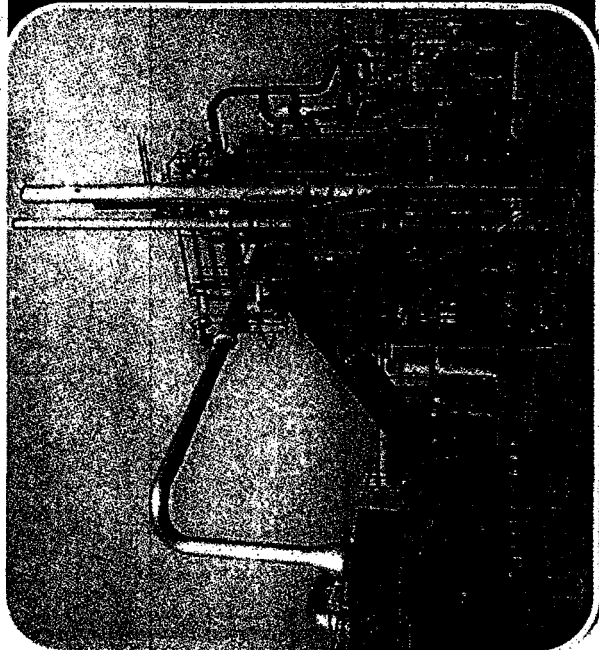
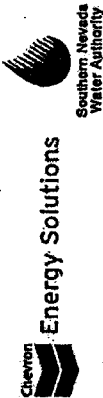
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## 3.3.5 Waste to Energy Equipment



Recycling 99% of ALL Municipal Solid Waste

Phase 2 Only



TBD<sup>1</sup>

- ERC of Nevada is currently in discussions with several Waste to Energy (W2E) plant manufacturers in conjunction with Chevron Energy Solutions<sup>2</sup> and Southern Nevada Water Authority (SNWA). Current plans include Chevron financing and underwriting 2/3 of development cost with the remaining 1/3 financing along with land supplied by SNWA. ERC of Nevada will enter a long-term biofuel purchasing agreement.
- The W2E plant will be implemented during Phase 2.

### Notes:

- (1) The final selection of the W2E plant manufacturing vendor will hinge on receiving a signed agreement with Southern Nevada Water Authority (SNWA) and Chevron Energy Solutions. However, should no agreement be reached with the SNWA and Chevron Energy Solutions then ERC will outsource W2E plant manufacturing under an alternative financing vehicle and as part of the Phase 2 strategy of execution.
- (2) Tony Salazar, Founder & CEO of ERC of Nevada, currently advises Chevron Business Development Group in Southwestern U.S.

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# 4. Growth Strategy

## Waste Management Strategy and Timeline



## 4.1.1 Las Vegas Market Size



Recycling 99% of ALL Municipal Solid Waste

### Las Vegas Metropolitan Market Size

- Clark County (Las Vegas) generated 3.1M tons of waste in 2007 (Source: "Municipal Solid Waste Generation, Recycling, and Disposal in the United States: Facts and Figures for 2008", EPA)
- Municipal goal of recycling 25% of all MSW. Currently at 19% of the 3.1M tons.
- With the Mission to Recycle 99% of ALL Municipal Solid Waste, ERC of Nevada will be positioned as "THE" leader of waste recycling in Clark County, NV.

Opportunity Model (in Tons)	Unit Values	% of Total Recycled	% of Total Generated
MSW Generated in Clark County Municipality			
Total MSW Generated	3,097,318	100.00%	100.00%
Recycled MSW			
Republic Services, Inc. <sup>1</sup>	92,800	11.07%	3.00%
ERC of Nevada (MSW Delivered Year 5) <sup>2</sup>	237,500	28.30%	7.67%
Other Independent Recyclers	507,846	60.59%	16.40%
Total MSW Recycled	838,146	100.00%	27.06%

#### Notes:

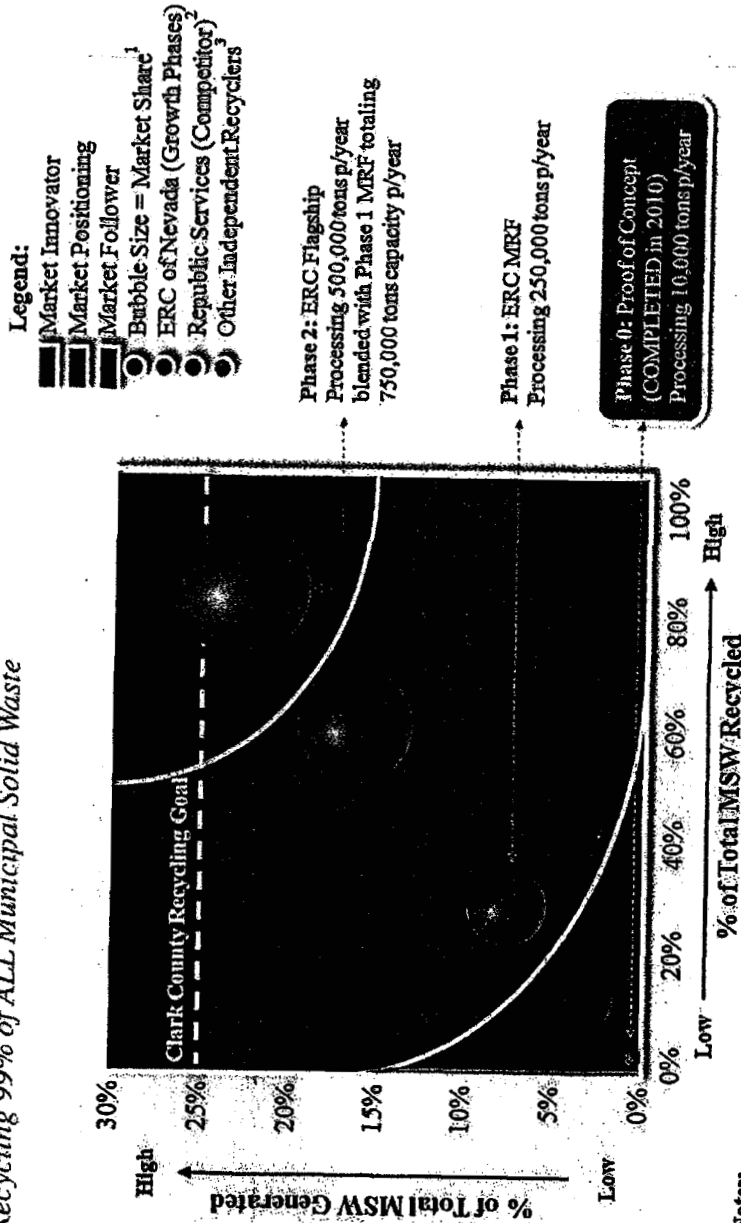
- Republic Services currently recycles 3% of the waste generated. The balance of 16% is recycled by independent recyclers such as ERC. Republic Services however controls the curbside residential pick-up through a long-term exclusive contract with the city. While they are the current market leader they cannot sustain their position due to conflicted nature of business. They are biased toward maintaining and growing landfill revenues, a core competency and core source of revenue.
- ERC's Phase 1 operation will recycle 7.67% of Clark County's waste by Year 5 of operation.

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## 4.1.2 Las Vegas Market Share



Recycling 99% of ALL Municipal Solid Waste



**Notes:**

- (1) Relative Market Share is based on annual tons of MSW waste recycled. The model assumes recycling level remains constant for Competitors and Independent Recyclers while demonstrating growth during each Phase of ERC of Nevada.
- (2) Republic Services is the largest single competitor in Clark County and controls the residential curb-side MSW pick-up through an exclusive agreement with the City. However, the majority of waste collected is disposed in their landfill.
- (3) Other Independent Recyclers totals all independent recycling yards throughout Las Vegas.

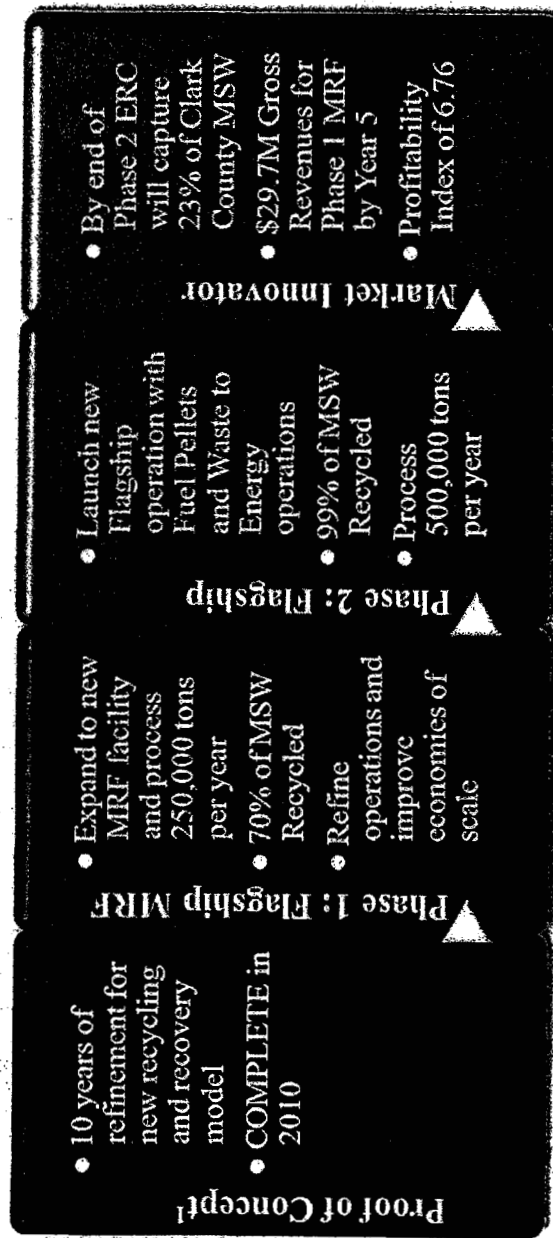
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## 4.2 Implementation Plan



*Recycling 99% of ALL Municipal Solid Waste*

### For Phase 1 Only



#### Notes:

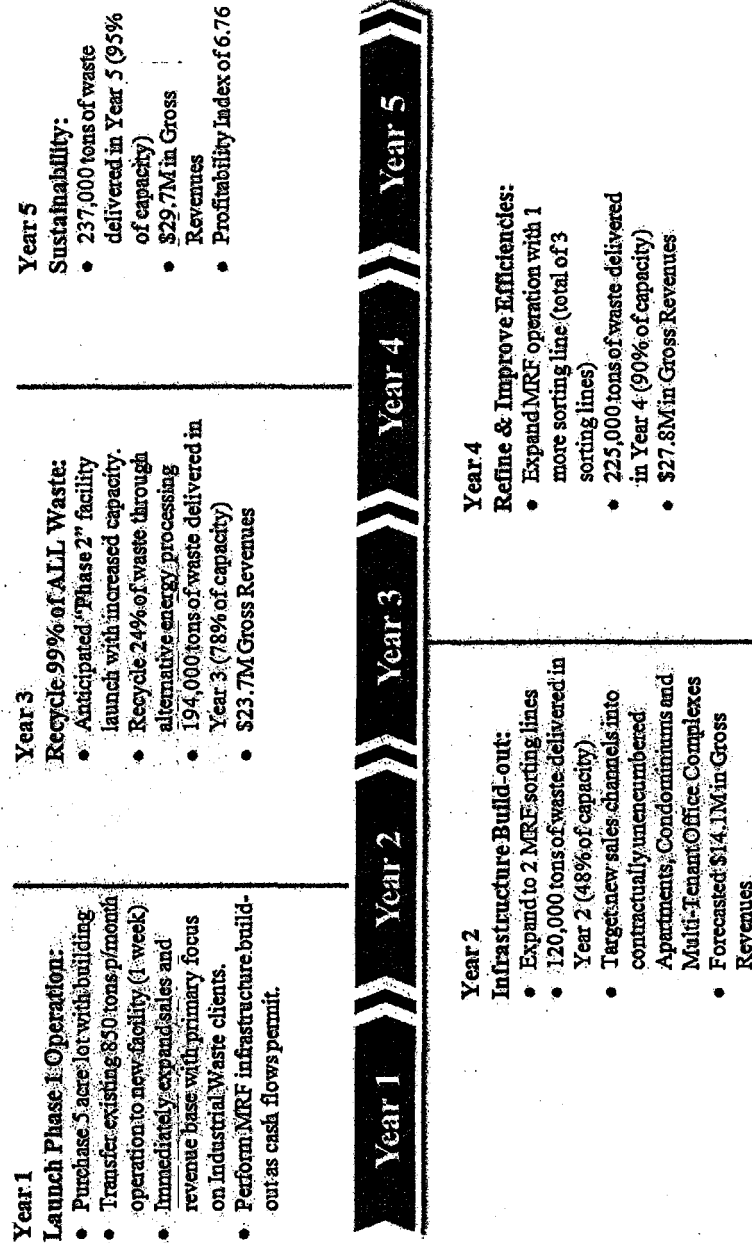
- (1) ERC of Nevada has defined the business model over the course of a decade of operations. During that time the Company has expanded to a larger yard while cornering the Las Vegas convention market. In addition, the Company has demonstrated consistent revenues while withstanding two (2) significant economic recessions. ERC has exceeded expectations and is now positioned to expand again to a larger facility where it can fulfill the vision of recycling 99% of ALL MSW.



## 4.3.1 Timeline for Phase 1



### Recycling 99% of ALL Municipal Solid Waste



## 4.3.2 Plant Layout for Phase 1



*Recycling 99% of ALL Municipal Solid Waste*

**For Phase 1 Only (Property Example)**



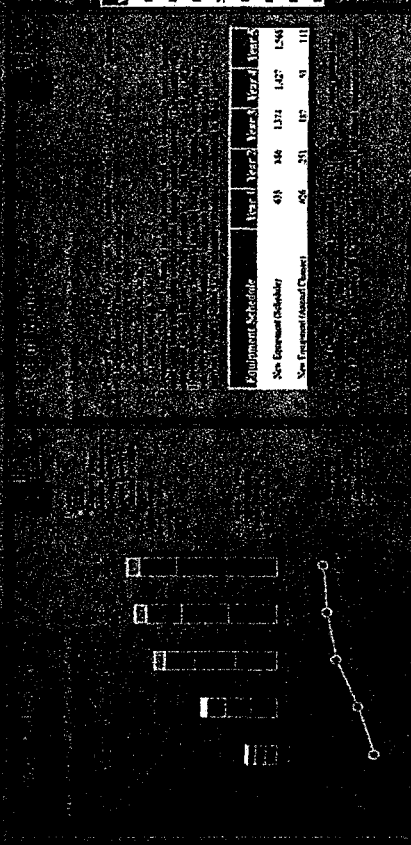
**Phase 1: Plant Layout**

- Property: 5 acre lot.
- Plant: Existing building sufficient for expansion
- Improvements: Low initial improvement costs during set-up. Anticipate periodic costs as new sorting lines are installed. Any structural costs will be financed through positive cash flows.
- All existing operations will transition to new facility during a 1 week period.
- First MRF sorting line will be installed after transition period and after new contracts are acquired to ensure low risk of financing.
- Flow of material designed for uninterrupted recovery and recycling operations during delivery of wastes and the shipping of commodities for sale to end markets



## 5. Financial Forecast

### 5 Year Financial Forecast for the Phase 1 Flagship Material Recovery Facility



5.1 Tons Delivered

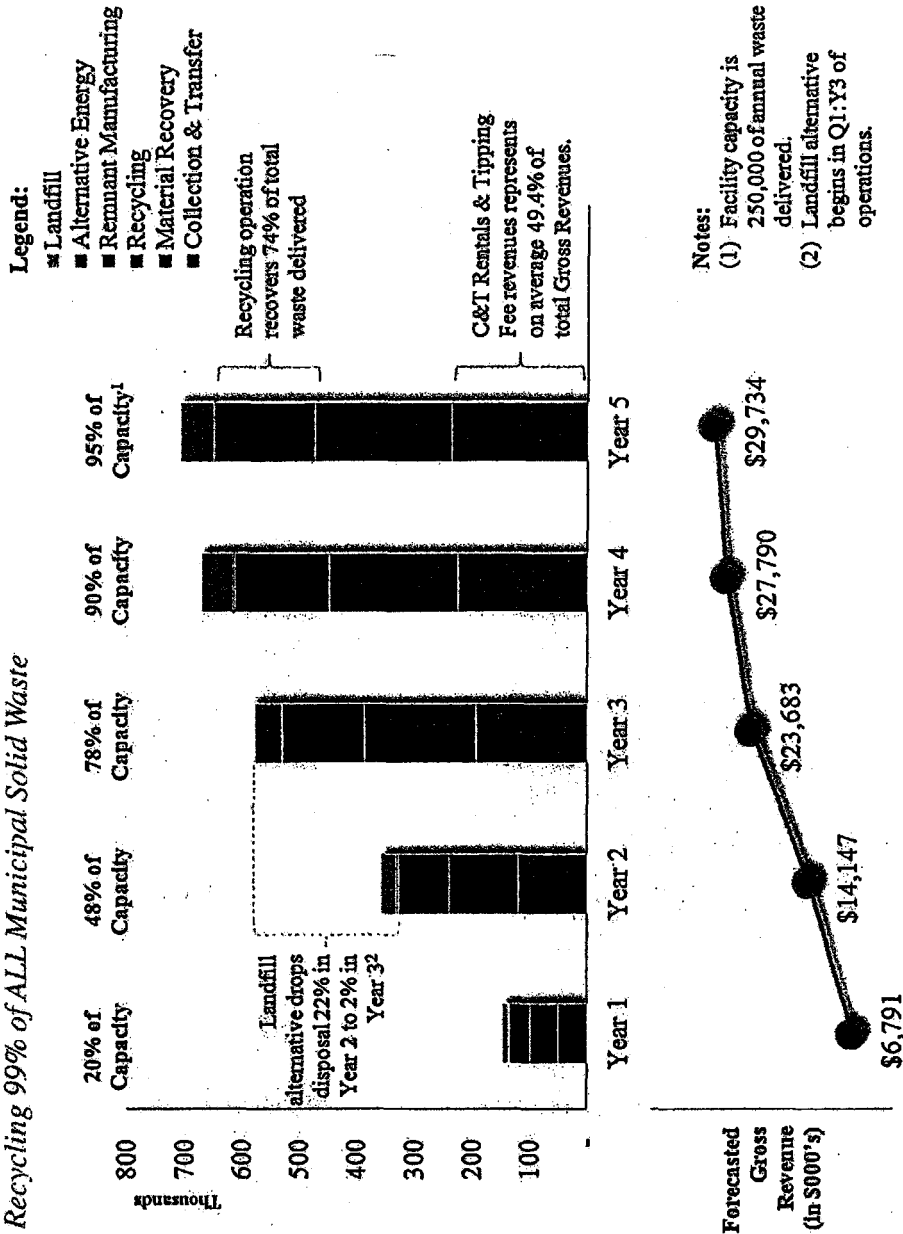
5.2 Use of Funds

5.3 Valuation

## 4.2 Implementation Plan



Recycling 99% of ALL Municipal Solid Waste



## 5.2 Use of Funds



Recycling 99% of ALL Municipal Solid Waste

- **Property & Plant:** Purchase a five (5) Acre lot in Q4 of Year 1 through proceeds from cash flows. Initial months will be leased on a monthly rent of \$12,450 (Triple Net).
- **Office:** 2,000 sq./ft. at \$0.29
- **Warehouse:** 15,000 sq./ft. at \$0.12
- **Yard:** 200,800 sq./ft. at \$0.05
- **Equipment:** \$3.3M will be spent in the first month which will be partially funded through cash flows from the existing operation, equipment vendor financing, and investors. The quantity of equipment is based primarily on the purchase of 4 Yard Bins and 40 Yard Roll Off Bins. However, they represent a fraction of the total cost. The Material Recovery sorting lines, conveyor systems, and commodity bailers are the most expensive items which are reflected heaviest in years 1, 2 and 4. An summary schedule of equipment is listed below:

Equipment Schedule	Year 1	Year 2	Year 3	Year 4	Year 5
New Equipment (Schedule)	635	886	1,674	1,427	1,568
New Equipment (Annual Change)	626	251	487	53	141

- **Working Capital:** Includes operating personnel at two (2) shifts per day, sales, general and administrative (SG&A), and a contingency of 2.5% of total costs.
- **Cash Reserves:** The balance will be held in reserve and used for future equipment purchases.



# ERC of Nevada

Recycling 99% of ALL Municipal Solid Waste

Brian Buckley  
(480) 278-7031  
Brian@AZICenter.com  
www.arizonainvestmentcenter.com

Arizona Investment Center  
8800 E. Chaparral, Suite 270  
Scottsdale, AZ 85250

Gian Lacayo  
(414) 763-6006  
Gian@Tricoreworld.com  
www.tricoreworld.com

Tri-Core Companies  
11430 W. Bluemound Rd., Suite 203  
Wauwatosa, WI 53226

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**Annalisa Weiss**

**From:** aaron kaplan [aaron.j.kaplan@[REDACTED]]  
**Sent:** Tuesday, March 27, 2012 11:41 PM  
**To:** Annalisa Weiss  
**Subject:** Fwd: Contract  
**Attachments:** Chicago 10000000 PPM Aaron James Kaplan.pdf; erc Letter - Aaron Kaplan.docx

----- Forwarded message -----

**From:** Nicole Kordosky <[nicole@azicenter.com](mailto:nicole@azicenter.com)>  
**Date:** Wed, Feb 1, 2012 at 5:53 PM  
**Subject:** Contract  
**To:** aaron kaplan <[aaron.j.kaplan@\[REDACTED\]](mailto:aaron.j.kaplan@[REDACTED])>

Hey Aaron,

Sorry I couldn't get this to you last night. Attached is the PPM(contract), as well as instructions on where to sign. What is the best way for you to send/transfer money? Wire transfer/check by mail? Let me know and I will get you the information needed. Thank you!

Thank You,

Nicole Kordosky

| Arizona Investment Center | Investment Relations | [www.arizonainvestmentcenter.com](http://www.arizonainvestmentcenter.com) |

8800 E. Chaparral Rd. Suite 270 Scottsdale, AZ 85250 | [480.278.7031](tel:480.278.7031) Office | [480.278.8979](tel:480.278.8979) Fax

**From:** aaron kaplan [mailto:[aaron.j.kaplan@\[REDACTED\]](mailto:aaron.j.kaplan@[REDACTED])]  
**Sent:** Tuesday, January 31, 2012 9:39 PM  
**To:** Nicole Kordosky  
**Subject:** Re: Tomorrow's appointment

No problem, i'll try not to mess up the time change this time. Thanks for all the help :-).

On Tue, Jan 31, 2012 at 2:00 PM, Nicole Kordosky <[nicole@azicenter.com](mailto:nicole@azicenter.com)> wrote:

Aaron,

3/29/2012



**ACC000102**  
FILE #8337

Jason is in meetings until 11:30. Can we arrange the call for that time tomorrow or Thursday? Let me know thanks!

Thank You,

Nicole Kordosky

| Arizona Investment Center | Investment Relations | [www.arizonainvestmentcenter.com](http://www.arizonainvestmentcenter.com) |

8800 E. Chaparral Rd. Suite 270 Scottsdale, AZ 85250 | [480.278.7031](tel:480.278.7031) Office | [480.278.8979](tel:480.278.8979) Fax



**CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM**

**ERC INVESTMENTS LLC**  
An Arizona Limited Liability Company

---

**\$10,000,000**  
**Split into Two Offerings**

**First Offering**

**\$25,000 per Promissory Note (Unit)**  
**MINIMUM PURCHASE - 1 Promissory Note**  
**18% Annual Rate of Return, Paid monthly**  
**Maturity Date: 24 months**  
**Redemption at Maturity - \$25,000 per Unit**

---

**Second Offering**

**\$25,000 per Promissory Note (Unit)**  
**MINIMUM PURCHASE - 1 Promissory Note**  
**12% Annual Rate of Return, Paid monthly**  
**Maturity Date: 24 months**  
**Redemption at Maturity - \$25,000 per Unit**

ERC Investments LLC, an Arizona Limited Liability Company (hereinafter referred to as the "COMPANY"), is offering by means of this Confidential Private Placement Memorandum a maximum of Four Hundred (400) secured Promissory Notes ("Notes"), split into two separate offerings, each in the amount of Five Million (\$5,000,000) Dollars, at an offering price of Twenty Five Thousand (\$25,000) Dollars per Note, for a combined maximum total of Ten Million Dollars (\$10,000,000), to qualified investors who meet the Investor Suitability Requirements set forth herein (see "INVESTOR SUITABILITY REQUIREMENTS"). Each Investor must agree to purchase the Notes, as a lender to the Company, for investment purposes only, and execute a Subscription Agreement in the form contained in the accompanying Subscription Booklet (see "TERMS OF THE OFFERING").

**THESE SECURITIES ARE SPECULATIVE AND INVESTMENT  
IN THE NOTES INVOLVES A DEGREE OF RISK  
(SEE "RISK FACTORS")**

	<b>Offering Price</b>	<b>Selling Commissions</b>	<b>Proceeds to Company</b>
<b>Per Unit</b>	\$25,000	\$2,500	\$22,500
<b>Maximum Units</b>	\$10,000,000	\$1,000,000	\$9,000,000

**ERC Investments LLC**  
8800 E Chaparral Road, Suite 270, Scottsdale, Arizona 85250  
Telephone: (480) 278-7031  
The date of this Private Placement Memorandum is December 1, 2011

**ACC000104**  
FILE #8337

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## **IMPORTANT NOTICES**

This Confidential Private Placement Offering Memorandum ("Memorandum") is submitted to you on a confidential basis solely for the purpose of evaluating the specific transaction described herein. This information shall not be photocopied, reproduced or distributed to others without the prior written consent of ERC Investments LLC (the "Company"). If the recipient determines not to purchase any of the Notes offered hereby, it will promptly return all material received in connection herewith without retaining any copies.

## **DISCLAIMERS**

THE NOTES OFFERED HEREBY IN THIS OFFERING MEMORANDUM HAVE NOT BEEN REGISTERED WITH, OR APPROVED, BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, NOR HAVE SUCH NOTES OR THIS MEMORANDUM BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL OF ANY STATE OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE. THIS OFFERING IS BASED ON THE EXEMPTION FROM SUCH REGISTRATION AS SET FORTH IN §4(2) AND RULE 506 OF REGULATION D OF THE SECURITIES ACT OF 1933, AS AMENDED.

THE INVESTMENT DESCRIBED IN THIS MEMORANDUM INVOLVES RISKS, AND IS OFFERED ONLY TO INDIVIDUALS WHO CAN AFFORD TO ASSUME SUCH RISK FOR AN INDEFINITE PERIOD OF TIME AND WHO AGREE TO PURCHASE THE NOTES ONLY

FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TOWARD THE TRANSFER, RESALE, EXCHANGE OR FURTHER DISTRIBUTION THEREOF. THERE WILL BE NO PUBLIC MARKET FOR THE NOTES ISSUED PURSUANT TO THIS OFFERING MEMORANDUM. THE RESALE OF THE NOTES IS LIMITED BY FEDERAL AND STATE SECURITIES LAWS AND IT IS THEREFORE RECOMMENDED THAT EACH POTENTIAL INVESTOR SEEK COUNSEL SHOULD THEY DESIRE MORE INFORMATION.

THE PRICE OF THE NOTES AS DESCRIBED IN THIS OFFERING MEMORANDUM HAS BEEN ARBITRARILY DETERMINED BY THE SPONSORS OF THIS INVESTMENT, AND EACH PROSPECTIVE INVESTOR SHOULD MAKE AN INDEPENDENT EVALUATION OF THE FAIRNESS OF SUCH PRICE UNDER ALL THE CIRCUMSTANCES AS DESCRIBED IN THE ATTACHED OFFERING MEMORANDUM.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION IN CONNECTION WITH THIS MEMORANDUM, EXCEPT SUCH INFORMATION AS IS CONTAINED OR REFERENCED IN THIS MEMORANDUM. ONLY INFORMATION OR REPRESENTATIONS CONTAINED OR REFERENCED HEREIN MAY BE RELIED UPON AS HAVING BEEN MADE BY THE COMPANY. PROSPECTIVE INVESTORS WHO HAVE QUESTIONS CONCERNING THE TERMS AND CONDITIONS OF THIS PRIVATE OFFERING MEMORANDUM OR WHO DESIRE ADDITIONAL INFORMATION OR DOCUMENTATION TO VERIFY THE INFORMATION CONTAINED HEREIN SHOULD CONTACT THE COMPANY. PROJECTIONS OR FORECASTS CONTAINED IN THIS PRIVATE OFFERING MEMORANDUM, OR OTHER MATERIALS, MUST BE VIEWED ONLY AS ESTIMATES. ALTHOUGH ANY PROJECTIONS CONTAINED IN THIS MEMORANDUM ARE BASED UPON ASSUMPTIONS WHICH THE COMPANY BELIEVES TO BE REASONABLE, THE ACTUAL PERFORMANCE OF THE COMPANY MAY DEPEND UPON FACTORS BEYOND THE CONTROL OF THE COMPANY. NO ASSURANCE CAN BE GIVEN THAT THE COMPANY'S ACTUAL PERFORMANCE WILL MATCH ITS INTENDED RESULTS.

## 1. SUMMARY OF THE OFFERING

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY MORE DETAILED INFORMATION THAT MAY APPEAR ELSEWHERE IN THIS PRIVATE PLACEMENT MEMORANDUM. EACH PROSPECTIVE INVESTOR IS URGED TO READ THIS PRIVATE OFFERING MEMORANDUM IN ITS ENTIRETY.

ERC Investments LLC (the "Company") was formed on April 21, 2011 as an Arizona LLC. The Company is in the business of investing in rubbish and waste recycling and the purchase/sale of commodities.

The Securities offered are Four Hundred (400) Notes issued by the Company at Twenty Five Thousand (\$25,000) Dollars per Note, split into two offerings, payable in cash at the time of subscription (see "Exhibit "B" for copy of Promissory Note). The minimum purchase is one (1) Note. The two offerings are described as follows:

**First Offering:** The first offering is in the amount of Five Million (5,000,000) Dollars and these notes have an annual rate of return of eighteen (18%) percent simple interest paid monthly. Principal will be paid at maturity. The maturity date is twenty-four (24) months from the Commencement Date of each Note. The Company reserves the right to extend the maturity for an additional twelve (12) months at the annual rate of return of eighteen (18%) percent simple interest if for reasons beyond the company's control, such as permit approval or delays in the delivery of purchased machinery, the above referenced maturity date cannot be met. If the Company elects this option, the maturity date would be extended up to an additional twelve (12) months from the above referenced maturity date. This offering may be closed and replaced by the second offering, described below, by the Company at any time.

**Second Offering:** The second offering will be in the amount of Five Million (5,000,000) Dollars and these will notes have an annual rate of return of twelve (12%) percent simple interest paid monthly. Principal will be paid at maturity. The maturity date is twenty-four (24) months from the Commencement Date of each Note. The Company reserves the right to extend the maturity for an additional twelve (12) months at the annual rate of return of twelve (12%) percent simple interest if for reasons beyond the company's control, such as permit approval or delays in the delivery of purchased machinery, the above referenced maturity date cannot be met. If the Company elects this option, the maturity date would be extended up to an additional twelve (12) months from the above referenced maturity date.

The Notes offered pursuant to this Private Placement Memorandum will be secured property, equipment and commodities such as locomotives located in its new facility in Chicago, Illinois.

None of the Notes are convertible to membership units, or other type of equity, in the Company. The Principal may be prepaid, at the sole discretion of the Company, without a prepayment penalty. This offering will commence on December 1, 2011, and will terminate no later than November 30, 2012, unless extended by the Company (see "TERMS OF THE OFFERING").

The gross proceeds of the two offerings will be a maximum of Ten Million Dollars (\$10,000,000) Dollars. The use of the proceeds is to purchase land, equipment, commodities and locomotives, for a new recycling center located in Chicago, Illinois.. This covers such items as site planning, land and equipment, legal, accounting, marketing plan, business plan, franchise development

and all other steps needed in the formation of this company as described herein (see "USE OF PROCEEDS").

## **2. THE COMPANY**

ERC Investments LLC (the "Company") was formed on April 21, 2011 as an Arizona LLC. At the date of this offering One Thousand (1,000) of the Company's Membership Units were authorized, issued and outstanding. The Company is in the business of investing in waste management, recycling and bio-fuel production and the purchase and selling of commodities.

### **2.1 OPERATIONS**

A recycling plant is a facility which collects and processes materials for recycling. Recycling plants may be attached to landfills to streamline the waste management process, or they may be independent facilities. The goods handled at a recycling plant are quite varied, depending on regional demand for specific materials, and the capacity of the plant itself.

Recycling is a complex process, which starts with a consumer dropping a recyclable object or container into a designated recycling bin. Once that object reaches a plant, it is dumped onto a conveyor with numerous other items for sorting. Sorted goods are divided by type, so that like can be recycled with like. After sorting, the goods are usually cleaned, so that they are ready for the recycling process.

Melting, shredding, and pulping are all used to prepare things for recycling. Glass tends to be chipped and then melted so that it can be made into new glass objects, although some recycling plants also offer bottle reclamation, in which bottles are sterilized for reuse. Shredding is used to package plastic, metal, and paper for processing, while pulping is used to convert paper products into slurry which can be made into paper all over again.

Once objects have been broken down at a recycling plant, they can be made into products from recycled goods.

The buying and selling of commodities is also a part of operations. Items, such as locomotives can be purchased, usually in bulk, and then stripped at the facility. This process results in both metal to be sold as a commodity and salvaged parts are sold on the open market.

## **3. MANAGEMENT**

### **3.1 MEMBERS, DIRECTORS AND EXECUTIVE OFFICERS**

The success of the company is dependent upon the services and expertise of existing management. At the present time, is actively involved in the management of the Company.

Peter A. Salazar Jr. Chief Executive Officer:

Bachelor in Environmental Science - 2000

2000- Founder of C&D Construction Services Inc - Construction Clean Up Company

2001- Co-Founder with Brother Luis Salazar of Starwood Lumber Products - Dimensional Lumber Products

2002 - Expanded C&D Construction Services Inc - Roll Off Division

2003 - Founder of Liberty Salvage Materials - Recycling Division of C&D Construction Services Inc.

2008 - 2010 - Arizona Recyclers Association - President

2009 - Liberty Salvage Materials - Environmental Business Journal - Achievement Award  
Add Guy Jason, Jim, Brian Ryan

The management team may be further developed and expanded with qualified and experienced executives, professionals and consultants, as the Company matures and grows.

#### **4. TERMS OF THE OFFERING**

##### **4.1 GENERAL TERMS OF THE OFFERING**

This Private Offering Memorandum is offering a maximum of Four Hundred (400) Notes, split between two offerings at Twenty Five Thousand (\$25,000) Dollars per Note, for a combined maximum of Ten Million (\$10,000,000) Dollars to a select group of Investors who satisfy the Investor Suitability Requirements (see "INVESTOR SUITABILITY REQUIREMENTS"). The Company will have the authority to sell fractional Notes at its sole discretion.

##### **4.2 OFFERING AMOUNT - HOLDING ACCOUNT**

The Company has established an account with Wells Fargo, into which the offering proceeds will be placed. There is no minimum offering amount established. After the Notes are sold, all proceeds from the sale of Notes will be delivered directly to the Company.

##### **4.3 NONTRANSFERABILITY OF NOTES**

The Notes have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), and are being offered in reliance upon an exemption under §4(2) and

Rule 506 of Regulation D of the Securities Act, as amended, and rules and regulations hereunder. The Notes have not been registered under the securities laws of any state and will be offered pursuant to an exemption from registration in each state. A purchaser may transfer or dispose of the Note only if such Notes are subsequently registered under the Securities Act, or if an exemption from registration is available, and pursuant to an opinion of counsel acceptable to the Company and its counsel to the effect that the Notes may be transferred without violation of the registration requirements of the Securities Act or any other securities laws.

#### **4.4 CLOSING OF THE OFFERING**

The Notes are offered and closed only when a properly completed Subscription Agreement (**Exhibit A**); Note (**Exhibit B**), and Investor Questionnaire (**Exhibit C**) are submitted by the investing Subscriber or his/her Investor Representatives and are received and accepted by the Company. The Subscription Agreement as submitted by an investing Subscriber or his/her Investor Representatives shall be binding once the Company signs the Subscription Agreement, Note and the funds delivered by the potential Investor to the Company with the Subscription Agreement has been cleared by the financial institution in which they are deposited by the Company. The Notes will be delivered to qualified Investors upon acceptance of their subscriptions. All funds collected from investing Subscribers will be deposited in a designated account under the control of the Company. Investors subscribing to the Notes may not withdraw or revoke their subscriptions at any time prior to acceptance by the Company, except as provided by certain state laws, or if more than thirty (30) days have passed after receipt of the Subscription Agreement by the Company without the Company accepting the Investor's funds and delivering all applicable documents to such Investor. The proceeds of this Offering will be used only for the purpose set forth in this Private Offering Memorandum (see "**USE OF PROCEEDS**").

The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon reaching the maximum offering amount of Ten Million (\$10,000,000) Dollars.
2. The company, at its sole discretion, may close the First Offering at any time.
3. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding thirty (30) days thereafter to which the Company, in its sole discretion, may extend this Offering.



## **5. PLAN OF DISTRIBUTION**

### **5.1 OFFERING OF NOTES**

The Notes will be offered to prospective lenders by Members, Officers and Directors of the Company and qualified licensed personnel, pursuant to State and Federal security rules and regulations. This Offering is made solely through this Private Placement Memorandum and without any form of general solicitation or advertising. The Company and its Members, Officers and Directors or other authorized personnel will use their best efforts during the Offering period to find eligible Investors who desire to subscribe to the Notes in the Company. These Notes are offered on a "best efforts" basis, and there is no assurance that any or all of the Notes will be closed. The Company has the authorization to offer fractional Notes at its sole discretion. The Offering period will begin as of the date of this private Offering Memorandum and will close upon the happening of such occurrences as defined herein (see "TERMS OF THE OFFERING").

### **5.2 PAYMENTS TO BROKER DEALERS OR INVESTMENT ADVISORS**

The Company has the power to pay fees or commissions to qualified Broker Dealers, Registered Investment Advisors or any other person qualified under other applicable federal and state security laws.

## **6. DESCRIPTION OF NOTES**

### **6.1 NOTES**

The Company is offering Four Hundred (400) Notes, split into two separate offerings each in the amount of Two Hundred (200) Notes, of the Company to potential investors at Twenty Five Thousand (\$25,000) Dollars per Note, payable in cash at the time of the subscription. The minimum purchase is one (1) note. The two offerings are described as follows:

**First Offering:** The first offering is in the amount of Five Million (5,000,000) Dollars and these notes have an annual rate of return of eighteen (18%) percent simple interest paid monthly. Principal will be paid at maturity. The maturity date is twenty-four (24) months from the Commencement Date of each Note. The Company reserves the right to extend the maturity for an additional twelve (12) months at the annual rate of return of eighteen (18%) percent simple interest if for reasons beyond the company's control, such as permit approval or delays in the delivery of purchased machinery, the above referenced maturity date cannot be met. If the Company elects this option, the maturity date would be extended up to an additional twelve (12) months from the above referenced maturity date. This offering may be closed and replaced by the second offering, described below, by the Company at any time.

**Second Offering:** The second offering will be in the amount of Five Million (5,000,000) Dollars and these will notes have an annual rate of return of twelve (12%) percent simple interest paid monthly. Principal will be paid at maturity. The maturity date is

twenty-four (24) months from the Commencement Date of each Note. The Company reserves the right to extend the maturity for an additional twelve (12) months at the annual rate of return of twelve (12%) percent simple interest if for reasons beyond the company's control, such as permit approval or delays in the delivery of purchased machinery, the above referenced maturity date cannot be met. If the Company elects this option, the maturity date would be extended up to an additional twelve (12) months from the above referenced maturity date.

The Notes offered pursuant to this Private Placement Memorandum will be secured property, equipment and commodities such as locomotives located in its new facility in Chicago, Illinois.

The Notes will be issued in the form attached hereto and incorporated herein by reference as though set forth in full herein as **Exhibit B**.

## **6.2 SECURITY FOR PAYMENT OF THE NOTES**

The Notes being offered by the Company in this Private Placement Offering will be secured by property, equipment and commodities such as locomotives located in its new facility in Chicago, Illinois.

## **6.3 REPORTS TO NOTEHOLDERS**

The Company, will furnish annual unaudited reports to its Note holders ninety (90) days after its fiscal year. The Company may issue other interim reports to its Note holders as it deems appropriate. The Company's fiscal year will end on December 31<sup>st</sup> of each year.

## **7. USE OF PROCEEDS**

The gross proceeds of the Combined Offering will be a maximum of Ten Million (\$10,000,000) Dollars. The table below sets forth the use of proceeds for both the maximum and minimum offering amounts.

### Sources

	Maximum Amount	Percent of Proceeds
Proceeds From Sale of Notes	\$ 10,000,000	100%
Offering Expenses (1)	\$ 50,000	0.50%
Commissions (2)	\$ 1,000,000	10.00%
Total Offering Expenses & Fees	\$ 1,050,000	10.50%
Net Offering Proceeds (3)	\$ 8,950,000	89.50%
Total Application of Proceeds	\$ 10,000,000	100%

#### Footnotes:

(1) Includes estimated memorandum preparation, filing, printing, legal, accounting and other fees and expenses related to the Offering.

(2) This Offering is being sold by the officers and directors of the Company, who will not receive any compensation for their efforts. No sales fees or commissions will be paid to such officers or directors. Notes may be sold by registered brokers or dealers who are members of the NASD and who enter into a Participating Dealer Agreement with the Company. Such brokers or dealers may receive commissions up to ten percent (10%) of the price of the Notes sold.

(3) Net offering proceeds available for the formation of the new entity. This covers such items as land purchase, site build out, equipment purchase, site planning, legal, accounting, marketing plan, commodity purchases such as locomotives and other items as needed for the company.

## 8. CAPITALIZATION STATEMENT

### 8.1 CAPITALIZATION PRIOR TO AND AFTER THE OFFERING

The following table summarizes the capitalization of the Company prior to, and as adjusted to reflect the issuance and sale of the maximum of Four Hundred (400) Notes or Ten Million (\$10,000,000) Dollars.

	AS ADJUSTED 4/21/11	AFTER THE OFFERING
Notes	<u>-0-</u>	<u>\$ 10,000,000</u>
Membership Units \$1.00 par value, 1,000 units authorized, 1,000 Units issued and outstanding	\$1,000	\$ 1,000
Net Shareholders' Equity	\$1,000	\$ 1,000
TOTAL CAPITALIZATION	<u>\$1,000</u>	<u>\$ 10,001,000</u>

## 9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### 9.1 RESULTS OF OPERATIONS

The Company is in the process of expanding its services into the Chicago Market. This will be done under the name of ERC Chicago LLC.

### 9.2 LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity and capital resources are dependent on its operations, including ERC of Chicago LLC, and its ability to raise sufficient capital to pay for the purchase price of the Promissory Notes.

## 10. CERTAIN TRANSACTIONS

### 10.1 ARIZONA LLC

ERC Investments LLC is a privately held Arizona LLC, formed on April 21, 2011.

### 10.2 PRIVATE OFFERING OF NOTES

The Company is authorized to offer in this private offering, up to Ten Million (\$10,000,000) Dollars of Notes to selected investors, effective on December 1, 2011.

## **11. FIDUCIARY RESPONSIBILITIES OF THE MEMBERS, DIRECTORS AND OFFICERS OF THE COMPANY**

### **11.1 GENERAL**

The Members, Officers and Directors of the Company are accountable to the Company as fiduciaries and such Members, Officers and Directors are required to exercise good faith and integrity in managing the Company's affairs and policies. Each Note holder of the Company, or their duly authorized representative, may inspect the books and records of the Company at any time during normal business hours. A Note holder may be able to bring an action on behalf of himself in the event the Note holder has suffered losses in connection with the purchase or sale of the Note(s) in the Company, due to a breach of fiduciary duty by an Member, Officer or Director of the Company, in connection with such sale or purchase, including the misrepresentation or misapplication by any such Member, Officer or Director of the proceeds from the sale of these Notes, and may be able to recover such losses from the Company.

### **11.2 INDEMNIFICATION**

Indemnification is permitted by the Company to members, directors, officers, managers or controlling persons pursuant to Arizona law. Indemnification includes expenses, such as attorneys' fees and, in certain circumstances, judgments, fines and settlement amounts actually paid or incurred in connection with actual or threatened actions, suits or proceedings involving such person and arising from their relationship with the Company, except in certain circumstances where a person is adjudged to be guilty of gross negligence or willful misconduct, unless a court of competent jurisdiction determines that such indemnification is fair and reasonable under the circumstances.

## **12. RISK FACTORS**

THIS INVESTMENT INVOLVES A DEGREE OF RISK. AN INDIVIDUAL CONTEMPLATING INVESTMENT IN THIS OFFERING SHOULD GIVE CAREFUL CONSIDERATION TO THE ELEMENTS OF THE RISK SUMMARIZED BELOW, AS WELL AS THE OTHER RISK FACTORS IDENTIFIED ELSEWHERE IN THIS PRIVATE OFFERING MEMORANDUM.

### **12.1 FORMATION OF THE COMPANY**

The company was formed on April 21, 2011. It is therefore subject to all the risks inherent in the creation of a new Company. Unforeseen expenses, complications and delays may occur with a new Company.

## **12.2 CONTROL BY COMPANY**

After completion of this offering the Company will own one hundred percent (100%) of the issued and outstanding Membership Units. Such ownership will enable the Company to continue to elect all the Managers and to control the Company's policies and affairs. The Note holders will not have any voting rights in the Company.

## **12.3 RELIANCE ON THE COMPANY FOR MANAGEMENT**

All decisions with respect to the management of the Company will be made exclusively by the managers of the Company. The Note holders do not have the right or power to take part in the management of the Company. Accordingly, no person should purchase a Note unless he is willing to entrust all aspects of the management of the Company to existing Management.

## **12.4 LIMITED TRANSFERABILITY OF THE NOTES**

The transferability of the Notes in this offering is limited, and potential investors should recognize the nature of their investment in the offering. It is not expected that there will be a public market for the Notes because there will be only a limited number of investors and restrictions of the transferability of Notes. The Notes have not been registered under the Securities Act of 1933, as amended, or qualified or registered under the securities laws of any state and, therefore, the Notes cannot be resold unless they are subsequently so registered or qualified or an exemption from such registration is available. The offering also contains restrictions on the transferability of the Notes. Accordingly, purchasers of Notes will be required to hold such Notes to maturity unless otherwise approved by the Company. The Company does not intend to register the Notes under the Securities Act of 1933.

## **12.5 REGULATIONS**

The Company is subject to various federal and state laws, rules and regulations. Failure to comply with these laws may result in civil and criminal liability. The Company believes it will be in full compliance with any and all applicable laws, rules and regulations.

## **12.6 SPOT PRICING**

The pricing of recycled material fluctuates according to global demand.

## **12.7 MARKET RISKS**

The Company fails to attract commercial, industrial, or government contracts.

## **12.8 COMPETITORS**

Competitors may outspend us to capture market share.

## **12.9 FORCE MAJEURE**

Neither party shall be liable in damages or have the right to terminate this Agreement for any delay or default in performing hereunder if such delay or default is caused by conditions beyond its control including, but not limited to Acts of God, Government restrictions (including the denial or cancellation of any export or other necessary license), wars, insurrections and/or any other cause beyond the reasonable control of the party whose performance is affected.

## **12.10 BUSINESS PLAN RISKS**

For additional reading, please read the risk section in the Business Plan.

## **13. PRINCIPAL SHAREHOLDERS**

As of the date of this Offering, the Company has One Thousand (1,000) Membership Units issued and outstanding.

## **14. HOW TO INVEST**

An Investor who meets the qualifications as set forth in this Private Offering Memorandum may subscribe for at least the minimum purchase herein of One (1) Note Twenty Five Thousand (\$25,000) Dollars by carefully reading this entire Private Offering Memorandum and by then completing and signing a separately bound booklet. This booklet contains identical copies of the following exhibits contained in the Private Offering Memorandum, including:

Exhibit A      **INSTRUCTIONS TO SUBSCRIBERS and SUBSCRIPTION AGREEMENT:** This contains complete instructions to Subscribers and should be read in its entirety by the prospective investor prior to investing. The Subscription Agreement must be signed by the Investor.

- Exhibit B      PROMISSORY NOTE: This Note will be signed by ERC Investments LLC.
- Exhibit C      INVESTOR QUESTIONNAIRE: This questionnaire requires a Subscriber to complete a financial history in order to aid the Company in the determination of the suitability of the Subscriber as a potential Investor. This questionnaire must be signed by the Investor.
- Exhibit D      ERC Investments LLC Business Plan.

Copies of all the above referenced documents are included with this Private Placement Memorandum. For discussion of the actions of the Company upon receipt of a properly completed request to invest by a Subscriber, please see "**TERMS OF THE OFFERING.**" Such Investor should include his check made payable to **ERC INVESTMENTS LLC** along with the **SUBSCRIPTION AGREEMENT, NOTE, AND INVESTOR QUESTIONNAIRE.** Delivery of the documents referred to above, together with a check to be addressed to the Company as follows: **ERC INVESTMENTS LLC, c/o Arizona Investment Center, 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250.**

## **15. INVESTOR SUITABILITY REQUIREMENTS**

### **15.1 INTRODUCTION**

Potential Investors should have experience in making investment decisions or such Investors should rely on their own tax consultants or other qualified investment advisors in making this investment decision.

### **15.2 GENERAL SUITABILITY**

Each potential Investor will be required to represent the following by execution of a Subscription Agreement:

1. The Investor has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in this Offering.
2. The Investor has the ability to bear the economic risk of this investment, has adequate means to provide for his, her or its current needs and personal contingencies, has no need for liquidity in this investment and could afford the complete loss of the investment.
3. The Investor is acquiring the Note(s) for his, her or its own account for investment purposes only and not with a view toward subdivision, resale, distribution or fractionalization thereof, or for the account of



others, and has no present intention of selling or granting any participation in, or otherwise distributing, the Note(s).

4. The Investor's overall commitment to invest in the Note(s) is not disproportionate to his, her or its net worth and the investment in these Note(s) will not cause such overall commitment to become excessive.
5. The Investor has read and understands this Private Placement Memorandum and all its exhibits.

### **15.3 NONACCREDITED INVESTORS**

Up to and including thirty-five (35) investing Subscribers may be accepted by the Company as suitable Investors if each such Subscriber has a net worth sufficient to bear the risk of losing his entire investment and meets the above "General Suitability Standards."

### **15.4 ACCREDITED INVESTORS**

In addition to satisfying the "General Standards" as defined above, all but thirty-five (35) Subscribers for Shares must each satisfy one of the "Accredited Investors" economic suitability standards as defined below:

1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds One Million (\$1,000,000) Dollars;
2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of Three Hundred Thousand (\$300,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;
2. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within

the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

- 3.
4. Any private business development company (as defined in Section 202(a) (22) of the Investment Advisers Act of 1940);
5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;
6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;
7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and
8. Any entity in which all of the equity owners are Accredited Investors.

NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.

## **15.5 ACCEPTANCE OF SUBSCRIPTION AGREEMENT BY THE COMPANY**

The Investor Suitability Requirements referred to in this section represent minimum requirements for potential Investors. Satisfaction of these standards does not necessarily mean that participation in this Offering constitutes a suitable investment for such a potential Investor or that the potential Investors' Subscription will be accepted by the Company. The Company may, in fact, modify such requirements as circumstances dictate. All Subscription Agreements submitted by potential Investors will be carefully reviewed by the Company to determine the suitability of the potential Investor in this Offering. The Company may, in its sole discretion, refuse a Subscription in this Offering to any potential Investor who does not meet the applicable Investor Suitability Requirements or who otherwise appears to be

an unsuitable Investor in this Offering. The Company will not necessarily review or accept a Subscription Agreement in the sequential order in which it is received. The Company also has the discretion to maximize the number of Accredited Investors in this Offering and, as a result, may accept less than thirty-five (35) Non-accredited Investors in this Offering.

## **16. LITIGATION**

The Company and its Managers have no lawsuits pending, no legal actions pending or judgments entered against the Company or its Managers and, to the best knowledge of the Company, no legal actions are contemplated against the Company and/or its Managers.

## **17. ADDITIONAL INFORMATION**

Reference materials described in this Private Offering Memorandum are available for inspection at the office of the company during normal business hours. It is the intention of the Company that all potential Investors are given full access to such information for their consideration in determining whether to purchase the Notes being offered. Prospective Investors should contact the Company for access to information regarding the matters set forth or other information concerning the Company. Representatives of the Company will also answer all inquiries from potential Investors concerning the Company and any matters relating to its proposed operations or present activities. The Company will afford potential Investors and their representatives the opportunity to obtain any additional information reasonably necessary to verify the accuracy or the source of any representations or information contained in this Private Offering Memorandum. All contracts entered into by the Company are subject to modifications and the Company may make any changes in any such contracts as deemed appropriate in its best discretion. Such recent amendments may not be circulated to Subscribers prior to the time of closing this Offering. However, potential Investors and their representatives may review such material or make inquiry of the Company concerning any of these and any other matters of interest.

## **18. FORECASTS OF FUTURE OPERATING RESULTS**

Any forecasts and pro forma financial information which may be furnished by the Company to prospective Investors or which are part of the Company's business plan are for illustrative purposes only and are based upon assumptions made by Management regarding hypothetical future events. There is no assurance that actual events will correspond with the assumptions or that factors beyond the control of the Company will not affect the assumptions and adversely affect the illustrative value and conclusions of any forecasts.

## 19. GLOSSARY OF TERMS

The following terms used in this Memorandum shall (unless the context otherwise requires) have the following respective meanings:

**ACCEPTANCE.** The acceptance by the Company of a prospective investor's subscription.

**ACCREDITED INVESTORS.** Those investors who meet the criteria set forth in "INVESTOR SUITABILITY REQUIREMENTS."

**BROKER-DEALER.** A person or firm licensed with the NASD, the SEC and with the securities or corporate commissions department of the state in which it sells investment securities and who may employ licensed agents for that purpose.

**COMPANY.** Refers to ERC Investments LLC, a Arizona Limited Liability Company.

**NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. (NASD).** A self-regulating body which licenses brokers and dealers handling securities offerings, reviews the terms of an offering's underwriting arrangements and advertising literature and, while not a governmental agency, acts as a review service watchdog to make sure that its regulations and those of the SEC are followed for the Investor's protection in offerings of securities.

**NOTES.** A Twenty Five Thousand (\$25,000) Dollar investment consisting of one (1) Promissory Note issued by ERC Investments LLC, a Arizona Limited Liability Company.

**SECURITIES ACT OF 1933.** A federal act regulated and enforced by the SEC that requires, among other things, the registration and use of a prospectus whenever a security is sold (unless the security or the manner of the Offering is expressly exempt from such registration process).

**SECURITIES EXCHANGE ACT OF 1934.** A federal act regulated and enforced by the SEC which supplements the Securities Act of 1933 and contains requirements which were designed to protect investors and to regulate the trading (secondary market) of securities. Such regulations require, among other things, the use of prescribed proxy statements when investors' votes are solicited; the disclosure of management and large shareholders' holding of securities; controls on the resale of such securities; and periodic (monthly, quarterly, annually) filing with the SEC of financial and disclosure reports of the Issuer.

**SECURITIES AND EXCHANGE COMMISSION (SEC).** An independent United States government regulatory and enforcement agency which supervises investment trading activities and registers companies and those securities which fall under its jurisdiction. The SEC also administers statutes to enforce disclosure requirements that were designed to protect investors in securities offerings.

**SUBSCRIPTION DOCUMENTS.** Consists of the Note, Subscription Agreement, Investor Questionnaire and a check as payment for the Note(s) to be purchased submitted by each prospective Investor to the Company.

**TERMINATION DATE.** The earlier to occur of the date on which all Notes are sold or November 30, 2012.

## 20. ACKNOWLEDGMENT

By signing below, the undersigned acknowledges that he/she has read and understood this entire Private Placement Memorandum.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Aaron James Kaplan  
Print Name

**EXHIBIT A**  
**SUBSCRIPTION AGREEMENT**

**Print Name of Subscriber:** Aaron James Kaplan

**Amount Loaned:** \$15,000.00

**Number of Notes:** 0.6

**ERC INVESTMENTS LLC**  
**SUBSCRIPTION DOCUMENTS**

**OFFERING A MAXIMUM OF FOUR HUNDRED (400) SECURED PROMISSORY  
NOTES**

**TWENTY FIVE THOUSAND (\$25,000) DOLLARS PER NOTE**

**December 1, 2011**

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**SUBSCRIPTION INSTRUCTIONS**  
**(please read carefully)**

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Each subscriber for the secured Promissory Notes, Twenty Five Thousand (\$25,000) Dollars per Note (the "Notes") of ERC Investments LLC, an Arizona Limited Liability Company ("the Company"), must complete and execute the Subscription Documents in accordance with the instructions set forth below. The completed documents should be sent to ERC Investments LLC c/o Arizona Investment Center, 8800 E. Chaparral Road, suite 270, Scottsdale, AZ 85250.

**Payment for the Securities should be made by check payable to the Company and enclosed with the documents as directed in Section III below.**

- I. These Subscription Documents contain all of the materials necessary for you to purchase the Notes. This material is arranged in the following order:
  - Subscription Agreement
  - Promissory Note
  - Confidential Prospective Purchaser's Questionnaire
- II. All investors must complete in detail, date, initial, and sign the Subscription Documents where appropriate. All applicable sections must be filled in.
- III. Payment for the Notes must be made by check as provided below:

Please make your check payable, in the appropriate amount, for the number of Notes purchased (at Twenty Five Thousand (\$25,000) Dollars per Note), to **ERC INVESTMENTS LLC**. Your check should be enclosed with your signed subscription documents.

All funds received from subscribers will be placed in a operating account and will be available for use.

#### IV **SPECIAL INSTRUCTIONS**

**FOR CORPORATIONS.** Include copy of Board resolution designating the corporate officer authorized to sign on behalf of the corporation, a Board resolution authorizing the investment, and financial statements.

**FOR PARTNERSHIPS.** Provide a complete copy of the partnership agreement, questionnaire, and financial statements for each General Partner.

**FOR TRUSTS.** Provide a complete copy of the instruments or agreements creating the trust, as amended to date.



**Print Name of Subscriber:** Aaron James Kaplan

**Amount Loaned:** \$15,000.00

**Number of Notes:** 0.6

**Subscription Agreement**

To: ERC INVESTMENTS LLC  
8800 E Chaparral Road  
Suite 270  
Scottsdale Arizona 85250

**1. Subscription.** The undersigned hereby subscribes for the First offering for 0.6 Notes of ERC Investments LLC (the "Company"), an Arizona Limited Liability Company, and agrees to loan to the Company Twenty Five Thousand (\$25,000) Dollars per Note for an aggregate loan of \$15,000.00 (the "Loan Amount") upon the terms and subject to the conditions (a) set forth herein, and (b) described in the Confidential Private Placement Memorandum ("Private Placement Memorandum") dated December 1, 2011 together with all exhibits thereto and materials included therewith, and all supplements, if any, related to this offering. The minimum loan is Twenty Five Thousand (\$25,000) Dollars, but the Company has the discretion to offer fractional Notes for loans less than the minimum.

**2. Note Offering.** The Company is offering up to a maximum of Four Hundred (400) Notes at Twenty Five Thousand (\$25,000) Dollars per Note, split into two offerings, payable in cash at the time of subscription (see "Exhibit B" for copy of Promissory Note). The minimum purchase is one (1) Note. The two offerings are described as follows:

**First Offering:** The first offering is in the amount of Five Million (5,000,000) Dollars and these notes have an annual rate of return of eighteen (18%) percent simple interest paid monthly. Principal will be paid at maturity. The maturity date is twenty-four (24) months from the Commencement Date of each Note. The Company reserves the right to extend the maturity for an additional twelve (12) months at the annual rate of return of eighteen (18%) percent simple interest if for reasons beyond the company's control, such as permit approval or delays in the delivery of purchased machinery, the above referenced maturity date cannot be met. If the Company elects this option, the maturity date would be extended up to an additional twelve (12) months from the above referenced maturity date. This offering may be closed and replaced by the second offering, described below, by the Company at any time.

**Second Offering:** The second offering will be in the amount of Five Million (5,000,000) Dollars and these will notes have an annual rate of return of twelve (12%) percent simple interest paid monthly. Principal will be paid at maturity. The maturity date is twenty-four (24) months from the Commencement Date of each Note. The Company reserves the right to

extend the maturity for an additional twelve (12) months at the annual rate of return of twelve (12%) percent simple interest if for reasons beyond the company's control, such as permit approval or delays in the delivery of purchased machinery, the above referenced maturity date cannot be met. If the Company elects this option, the maturity date would be extended up to an additional twelve (12) months from the above referenced maturity date

The maximum combined aggregate loan to the Company from this Offering will be Ten Million (\$10,000,000) Dollars. The Offering is being made to a limited number of investors pursuant to an exemption available under the Securities Act of 1933 (the "Act"), specifically Rule 506 promulgated under Regulation D, and under certain other laws, including the securities law of certain states.

**3. Documents to be delivered.** The undersigned is delivering to the Company executed copies of this Subscription Agreement (the "Agreement"), the Note(s), Offeree Questionnaire, and all other applicable exhibits and documents (the "Subscription Documents"). The Subscription Documents should be delivered to ERC Investments LLC c/o the Arizona Investment Center 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250. The undersigned understands and agrees that he or it will not become a "Holder" of the Note(s) and the Company shall not become a "Maker" of the Note(s) unless and until the Agreement and Note(s) are executed by the Company.

**4. Making of Loan Amount.** The undersigned, simultaneously with the delivery of the Subscription Documents to the Company, hereby tenders to the Company the Loan Amount by check made payable to the order of **ERC INVESTMENTS LLC** in the amount indicated above.

**5. Acceptance or Rejection of Subscription.** The undersigned understands and agrees that the Company reserves the right, exercisable in its sole discretion, to accept or reject any subscription, in whole or in part, for any reason and that the undersigned will be notified by the Company as promptly as practicable as to whether his or its subscription has been accepted or rejected. If the undersigned's subscription is accepted, in whole or in part, by the Company, the Company will execute this Agreement and the Note(s) and return them to the undersigned. If this subscription is rejected by the Company, either in whole or in part, all funds, in the case of a rejection of the subscription in whole, or those funds representing the amount of the subscription not accepted by the Company, in the case of a rejection of the subscription in part, will be returned to the undersigned as promptly as practicable. If this subscription is rejected in whole by the Company, this Agreement shall be null, void and of no effect. The undersigned does not have the right to withdraw or revoke his or its subscription during the Offering period, except as provided by certain state laws, except that if more than thirty (30) days shall have passed from the date the Company received completed and executed Subscription Documents and the Loan Amount from the undersigned (the "Acceptance Period"), and the Company has not accepted the subscription during the Acceptance Period, the undersigned may withdraw his or its subscription at any time after the Acceptance Period up until such time that the

Company subsequently decides, in its sole discretion, to accept the subscription in whole or in part.

**6. Offering Period.** The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon reaching the maximum offering amount of Ten Million (\$10,000,000) Dollars.
2. The company, at its sole discretion may close the First Offering at any time.
3. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding thirty (30) days thereafter to which the Company, in its sole discretion, may extend this Offering.

**7. Closing of the Loan.** The Note(s) subscribed for herein shall not be deemed made by the Company or held by the undersigned until this Agreement and the Note(s) have been countersigned by the Company, and until the funds delivered by the undersigned to the Company with the Subscription Documents have been deposited in the Holding Account and have been cleared by the applicable bank of the Company (the "Effective Date"). Upon the Effective Date, (a) the undersigned shall have loaned to the Company the Loan Amount, (b) the undersigned shall become the Holder and the Company shall become the Maker of the Note(s) subscribed for by the undersigned, and (c) both the undersigned and the Company shall be bound by the terms of the Private Placement Memorandum and the Subscription Documents and any other undertakings described herein.

**8. Representations and Warranties.**

(a) The Company hereby represents and warrants as follows:

(i) The Company is a Limited Liability Company duly organized, validly existing and is in good standing under the laws of the State of Arizona and has the requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted;

(ii) This Agreement constitutes the valid and binding obligation of the Company enforceable against the Company in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws from time to time in effect which affect creditor's rights generally and by legal and equitable limitations on the availability of specific performance and other equitable remedies under or by virtue of this Agreement). The Company has all requisite power and authority, corporate and other, to execute and deliver this Agreement and the Note(s) and to consummate the transactions contemplated hereby. All persons who have executed this Agreement and the Note(s) on behalf of the Company have been duly authorized to do so by all necessary

corporate action. Neither the execution and delivery of this Agreement and the Note(s) nor the consummation of the transactions contemplated hereby will (A) violate any provision of the Certificate of Incorporation or Operating Agreement of the Company, as currently in effect; (B) violate any judgment, order, injunction, decree or award against, or binding upon, the Company or the securities, assets, properties, operations or business of the Company; or (C) violate any law or regulation applicable to the Company or to the securities, assets, properties, operations or business of the Company.

(b) In order to induce the Company to accept the subscription made hereby, the undersigned hereby represents and warrants to the Company as follows:

(i) The undersigned has received the Private Placement Memorandum and the Subscription Documents. The undersigned has read and understands the Private Placement Memorandum and Subscription Documents and the information contained in those documents concerning the Company and this Offering or has caused his or its representative to read and examine the Private Placement Memorandum and Subscription Documents. The undersigned has relied only on the information about the Company contained in these documents and his or its own independent investigation in making his or its subscription. The undersigned understands that the Notes will be issued with the rights and subject to the conditions described in the Private Placement Memorandum and Subscription Documents;

(ii) The undersigned is familiar with the terms and conditions of the Offering and is aware that his or its investment involves a degree of risk and the undersigned has read the section in the Private Placement Memorandum titled "Risk Factors."

(iii) The undersigned hereby specifically accepts and adopts each and every provision of this Agreement and acknowledges and agrees with each and every provision of this Agreement and, upon acceptance by the Company of the subscription made hereby, agrees to be bound by such provisions.

(iv) The undersigned acknowledges and is aware that there is no assurance as to the future performance of the Company.

(v) The undersigned, if an individual (A) has reached the age of majority in the state in which he resides and (B) is a bona fide resident and domiciliary (not a temporary or transient resident) of the state set forth below his signature on the signature page hereof and has no present intention of becoming a resident of any other state or jurisdiction. The undersigned, if a partnership, corporation, limited liability company, trust or other entity, was organized or incorporated under the laws of the jurisdiction set forth below the signature made on its behalf on the signature page hereof and has no present intention of altering the jurisdiction of its organization, formation or incorporation.

(vi) The undersigned has the financial ability to bear the economic risk of an investment in the Offering, has adequate means of providing for his or its current needs and personal contingencies, has no need for liquidity in the Note(s) and could afford a complete loss of his or its investment in the Offering.

(vii) The undersigned represents and warrants to the Company that he or it comes within one of the categories of investors as defined in Exhibit 1 hereto *(please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity)*.

(viii) The undersigned has been given the opportunity to review the merits of an investment in the Offering with tax and legal counsel or with an investment advisor to the extent the undersigned deemed advisable.

(ix) The undersigned's overall commitment to invest in the Note(s), which are not readily marketable, is not disproportionate to his or its net worth and his or its investment in the Offering will not cause such overall commitment to become excessive.

(x) The undersigned has such knowledge and experience in financial and business matters that he or it is capable of evaluating the merits and risks of an investment in the Offering.

(xi) The undersigned has been given a full opportunity to ask questions of and to receive (A) answers from the Company and its Managers concerning the terms and conditions of this Offering and the business of the Company and (B) such other information as he or it desired in order to evaluate an investment in the Offering, and all such questions have been answered to the full satisfaction of the undersigned. No oral or written representations have been made or oral or written information furnished to the undersigned or the undersigned's advisors in connection with the Offering or interests that were in any way inconsistent with this Subscription Agreement. The undersigned is not participating in the Offering as a result of or subsequent to: (1) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television, radio or the internet or (2) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

(xii) If the undersigned is a corporation, limited liability company, partnership, trust or other entity, it is authorized and qualified to make this loan to the Company and the person signing this Agreement on behalf of such entity has been duly authorized by such entity to do so.

(xiii) If the undersigned is a corporation, limited liability company or partnership, the person signing this Agreement on its behalf hereby represents and

warrants that the information contained in this Agreement completed by any shareholders of such corporation, members of such limited liability company or partners of such partnership is true and correct with respect to such shareholder, member or partner (and if any such shareholder is itself a corporation, limited liability company or partnership, with respect to all persons having an equity interest in such corporation, limited liability company or partnership, whether directly or indirectly) and that the person signing this Agreement has made due inquiry to determine the truthfulness and accuracy of the information contained in this Agreement.

(xiv) The purchase of the Note(s) by the undersigned has been duly authorized, and the execution, delivery and performance of this Agreement does not conflict with the undersigned's partnership agreement, certificate of incorporation, by-laws, articles of organization, operating agreement or any agreement to which the undersigned is a party and this Agreement is a valid and binding agreement enforceable against the undersigned in accordance with its terms.

(xv) The undersigned hereby represents that he or it is subscribing for the Notes as principal or as trustee, solely for the account of the undersigned, for investment purposes only and not with a view to, or for, subdivision, resale, distribution, or fractionalization thereof, in whole or in part, or for the account, in whole or in part, of others, and, except as disclosed herein, no other person has a direct or indirect beneficial interest in the Note(s). The undersigned will hold the Note(s) as an investment and has no reason to anticipate any change in circumstances or other particular occasion or event, which would cause the undersigned to attempt to sell any of the Note(s).

(xvi) The undersigned acknowledges his or its understanding that (A) the Offering of the Note(s) by the Company has not been registered under the Act, as amended, or the securities laws of certain states in reliance on specific exemptions from registration, (B) the Confidential Memorandum and Subscription Documents have not been filed with or reviewed by the Securities and Exchange Commission or the securities department of any state and no securities administrator of any state or the federal government has recommended or endorsed this Offering or made any finding or determination relating to the fairness of an investment in the Company, and (C) the Offering of the Note(s) by the Company is intended to be exempt from registration pursuant to Section 4 (2) of the Act and the rules promulgated thereunder by the Securities and Exchange Commission, and that the undersigned's Note(s) cannot be sold, pledged, assigned or otherwise disposed of unless they are registered under the Act or an exemption from such registration is available.

(xvii) The undersigned represents and warrants that he or it will not transfer or convey all or part of his or its financial interest in the Note(s) unless such Note(s) are subsequently registered under the Act, or an exemption from such registration is available and without (A) the prior written consent of the Company and (B) an opinion of counsel acceptable to the Company and its counsel to the effect that the Note(s) may be transferred without violation of the registration requirements of the

Act or any applicable state securities laws, as may be amended from time to time. The undersigned further acknowledges that there can be no assurance that the Company will file any registration statement for the Note(s) for which the undersigned is subscribing, that such registration statement, if filed, will be declared effective or, if declared effective, that the Company will be able to keep it effective until the undersigned sells the Note(s) registered thereon.

(xviii) The undersigned understands that this Agreement is subject to the Company's acceptance and may be rejected by the Company at any time in its sole discretion in whole or any part prior to issuance of the Note(s) with respect to the undersigned's subscription, notwithstanding prior receipt by the undersigned of notice of acceptance of the undersigned's subscription. The Company reserves the right to withdraw the Offering at any time.

(xix) The undersigned acknowledges that this Agreement shall become binding upon the undersigned when it is countersigned by the Company and the undersigned is not entitled to cancel, terminate, or revoke this subscription before or after acceptance by the Company, except as otherwise provided in this Agreement.

(xx) All information provided by the undersigned in the Investor Questionnaire and Investor Representative Questionnaire (if applicable) which accompanies this Agreement is true and accurate in all respects, and the undersigned acknowledges that the Company will be relying on such information to its possible detriment in deciding whether the Company can make these Note(s) to the undersigned without giving rise to the loss of an exemption from registration under the applicable securities laws.

**9. Foreign Person.** If the undersigned has indicated on the signature page of this Agreement that he, she or it is a foreign person, he, she or it agrees to notify the Company in writing within Twenty (20) days of becoming a nonresident alien, foreign corporation, foreign partnership, foreign trust, foreign estate or other foreign entity, as the case may be.

**10. Indemnity.** The undersigned agrees to indemnify and hold harmless the Company, its managers, members, agents, attorneys and affiliates and each other person, if any, who controls any thereof, within the meaning of Section 15 of the Act, against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the undersigned to comply with any covenant or agreement made by the undersigned herein or in this Agreement or in any other document furnished by the undersigned to any of the foregoing in connection with this transaction.

**11. Notice.** All notices in connection with this Agreement shall be in writing and personally delivered or delivered via overnight mail, with written receipt therefore, or sent by certified mail, return receipt requested, to each of the parties hereto at their

addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 11) with a copy, in the case of notice to the Company, to ERC Investments LLC at 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

## **12. Miscellaneous.**

(a) This Agreement is not assignable by the undersigned. This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) This Agreement shall be deemed to have been made in the State of Arizona and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in State of Arizona. The parties hereto hereby consent to personal jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Agreement.

(c) This Agreement contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Agreement shall be effective unless in writing and signed by both parties to this Agreement.

(d) No waiver of any breach of any terms of this Agreement shall be effective unless made in writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall be construed as a waiver of any subsequent breach of that term or of any other term of the same or different nature.

(e) If any provision or portion of this Agreement or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Agreement.

(f) Each of the parties hereto shall cooperate and take such actions, and execute such other documents, at the execution hereof or subsequently, as may be reasonably requested by the other in order to carry out the provisions and purposes of this Agreement.



IN WITNESS WHEREOF, the undersigned, by his or its execution hereof, agrees to be bound by this Agreement.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2012, at \_\_\_\_\_  
(City), \_\_\_\_\_ (State).

**If the Investor is an INDIVIDUAL, complete the following:**

The undersigned (*circle one*): **[is] [is not]** a citizen or resident of the United States.

Aaron James Kaplan

Print Name of Individual:

Print Name of Spouse if Funds are to  
be invested in Joint Name or are  
Community Property:

Print Social Security Number of Individual:

Print Social Security Number of  
Spouse

Signature of Individual

Signature of Spouse if Funds are to be  
Invested in Joint Name or are  
Community Property

Print Address of Residence:

Print Telephone Number:

NC

The investor is PARTNERSHIP, CORPORATION, TRUST OR OTHER ENTITY, complete the following:

The undersigned (*circle one*) [is] [is not] a foreign partnership, foreign corporation, trust or foreign estate (as defined in the Internal Revenue Code of 1986, as amended, and the treasury regulations promulgated there under).

\_\_\_\_\_  
Print Name of Partnership, Corporation,  
Trust or Entity:

\_\_\_\_\_  
Title of Authorized Representative

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Print Jurisdiction of Organization or  
Incorporation

\_\_\_\_\_  
Print Name of Authorized Representative

\_\_\_\_\_  
Print Federal Tax Identification Number

\_\_\_\_\_  
Print Address of Residence:

\_\_\_\_\_  
Print Telephone Number:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_

#### ACCEPTANCE

The terms of the foregoing, including the subscription described therein, are agreed to and accepted on this \_\_\_\_ day of \_\_\_\_\_, 2012.

ERC Investments LLC

By:

\_\_\_\_\_  
Jason T. Mogler

\_\_\_\_\_  
Jim Hinkeldey

**EXHIBIT 1  
INVESTOR STATUS**

*(Please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity).*

\_\_\_\_\_  
initials

- A. **"Non-accredited Investor"**. The undersigned does not meet the definition of an "Accredited Investor" as defined herein below;

\_\_\_\_\_  
initials

- B. **"Accredited Investor"**. The undersigned is an Accredited Investor as defined below (*check applicable box*):

☐ 1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds One Million (\$1,000,000) Dollars;

☐ 2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of Three Hundred Thousand (\$300,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;

☐ 3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U. S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

☐4. Any private business development company (as defined in Section 202(a) (22) of the Investment Advisers Act of 1940);

☐5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;

☐6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

☐7. Any trust, with total assets in excess of Five Million (\$5,000,000)Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

☐8.\* Any entity in which all of the equity owners are Accredited Investors.

**NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.**

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\* If this box is checked, please indicate on a separate schedule to be attached hereto, the category of Accredited Investor in which each equity owner of such entity is included.

**EXHIBIT B**  
**PROMISSORY NOTE**

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EXHIBIT B

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PROMISSORY NOTE

THIS NOTE HAS BEEN MADE FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO OR FOR SALE IN CONNECTION WITH THE DISTRIBUTION THEREOF AND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THIS NOTE MAY NOT BE SOLD, TRANSFERRED, OR ASSIGNED ("TRANSFER") UNLESS IT IS SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE AND THE MAKER CONSENTS IN WRITING TO SUCH TRANSFER.

ERC Investments LLC, a Arizona Limited Liability Company, with offices at 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250 (the "Maker"), for value received, promises to pay to the Individual and/or legal entity designated in this Note as the "HOLDER," of one of the following checked Offering:

☐ **OFFERING ONE (1):** The principal sum of Fifteen Thousand (\$15,000.00) **Dollars** with an annualized rate of return of Eighteen (18) percent payable monthly. The entire Principal shall be due and payable to the Holder no later than twenty four (24) months from the Commencement Date. Maker may at any time or from time to time make a voluntary prepayment, whether in full or in part, of this Note, without premium or penalty.

The Company reserves the right to extend the maturity for an additional twelve (12) months at the annual rate of return of eighteen (18%) percent simple interest if for reasons beyond the company's control, such as permit approval or delays in the delivery of equipment, the above referenced maturity date cannot be met. If the Company elects this option, the maturity date would be extended up to an additional twelve (12) months from the above referenced maturity date.

☐ **OFFERING TWO (2):** The principal sum of \_\_\_\_\_ (\$\_\_\_\_\_) **Dollars** with an annualized rate of return of Twelve (12) percent payable monthly. The entire Principal shall be due and payable to the Holder no later than twenty four (24) months from the Commencement Date. Maker may at any time or from time to time make a voluntary prepayment, whether in full or in part, of this Note, without premium or penalty.

The Company reserves the right to extend the maturity for an additional twelve (12) months at the annual rate of return of twelve (12%) percent simple interest if for reasons beyond the company's control, such as permit approval or delays in the delivery of equipment, the above referenced maturity date cannot be met. If the Company elects

this option, the maturity date would be extended up to an additional twelve (12) months from the above referenced maturity date.

#### **1. NOTES**

This Note in the principal amount of Twenty Five Thousand (\$25,000) Dollars per Note, or any fractional amounts, is offered for sale by the Maker, pursuant to that certain "Private Placement Memorandum" dated December 1, 2011. The Note shall be senior debt of the Maker.

#### **2. EVENTS OF DEFAULT**

A default shall be defined as one or more of the following events ("Event of Default") occurring and continuing:

(a) The Maker shall fail to pay any interest payment on this Note when due for a period of thirty (30) days after notice of such default has been sent by the Holder to the Maker.

(b) The Maker shall dissolve or terminate the existence of the Maker.

(c) The Maker shall file a petition in bankruptcy, make an assignment for the benefit of its creditors, or consent to or acquiesce in the appointment of a receiver for all or substantially all of its property, or a petition for the appointment of a receiver shall be filed against the Maker and remain unstayed for at least ninety (90) days.

Upon the occurrence of an Event of Default, the Holder of this Note may, by written notice to the Maker, declare the unpaid principal amount and all accrued interest of the Note immediately due and payable.

#### **3. SECURITY FOR PAYMENT OF THE NOTE(S)**

The Notes offered pursuant to this Private Placement Memorandum will be secured by property, equipment and commodities such as locomotives located in its new facility in Chicago, Illinois.

#### **4. COMMENCEMENT DATE OF THE NOTE**

The Commencement Date of the Note shall be the "Effective Date," as defined in that certain "Subscription Agreement" attached as Exhibit A to the Private Placement Memorandum.

**5. STATUS OF HOLDER**

The Maker may treat the Holder of this Note as the absolute owner of this Note for the purpose of making payments of principal or interest and for all other purposes, and shall not be affected by any notice to the contrary, unless the Maker so consents in writing.

**6. SECURITIES ACT RESTRICTIONS**

This Note has not been registered for sale under the Act. This Note may not be sold, offered for sale, pledged, assigned or otherwise disposed of, unless certain conditions are satisfied, as more fully set forth in the Subscription Agreement.

**7. ATTORNEYS' FEES**

The prevailing party in an action to enforce this Note shall be entitled to reasonable attorneys' fees, costs and collection expense.

**8. MISCELLANEOUS.**

(a) **Successors and Assigns.** The Holder may not assign, transfer or sell this Note to any party without the express written consent of the Maker. This Note shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) **Entire Agreement.** This Note contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Note shall be effective unless in writing and signed by both parties to this Note.

(c) **Notices.** All notices in connection with this Note shall be in writing and personally delivered or delivered via overnight mail, with written receipt there for, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 8) with a copy to ERC Investments LLC, 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

(d) **Section Headings.** The headings of the various sections of the Note have been inserted as a matter of convenience for reference only and shall be of no legal effect.



(f) **Applicable Law.** This Note shall be deemed to have been made in the State of Arizona, and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in the State of Arizona. The parties hereto hereby consent to personal jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Note.

**Holder:**  
Aaron James Kaplan

**Sign & Date**

Aaron James Kaplan  
Print Name

**Address:**

**EXHIBIT C**  
**Investor Suitability Questionnaire**

**EXHIBIT C**

**ERC INVESTMENTS LLC**

**Investor Suitability Questionnaire**

To: Prospective purchasers of Promissory Notes (the "Notes") offered by ERC Investments LLC (the "Company").

The Purpose of this Questionnaire is to solicit certain information regarding your financial status to determine whether you are an "Accredited Investor," as defined under applicable federal and state securities laws, and otherwise meet the suitability criteria established by the Company for purchasing Notes. ***This questionnaire is not an offer to sell securities.***

Your answers will be kept as confidential as possible. You agree, however, that this Questionnaire may be shown to such persons as the Company deems appropriate to determine your eligibility as an Accredited Investor or to ascertain your general suitability for investing in the Notes.

***Please answer all questions completely and execute the signature page***

**A. Personal**

1. Name: \_\_\_\_\_

2. Address of Principal Residence: \_\_\_\_\_

\_\_\_\_\_ County: \_\_\_\_\_

3. Residence Telephone: (\_\_\_\_) \_\_\_\_\_

4. Where are you registered to vote? \_\_\_\_\_

5. Your driver's license is issued by the following state: \_\_\_\_\_

6. Other Residences or Contacts: Please identify any other state where you own a residence, are registered to vote, pay income taxes, hold a driver's license or have any other contacts, and describe your connection with such state:

\_\_\_\_\_  
\_\_\_\_\_

7. Please send all correspondence to:

(1) \_\_\_\_\_ Residence Address (as set forth in item A-2)

(2) \_\_\_\_\_ Business Address (as set forth in item B-1)

8. Date of Birth: \_\_\_\_\_  
9. Citizenship: \_\_\_\_\_  
10. Social Security or Tax I.D. #: \_\_\_\_\_

**B. Occupations and Income**

1. Occupation: \_\_\_\_\_  
(a) Business Address: \_\_\_\_\_  
\_\_\_\_\_  
(b) Business Telephone Number: (\_\_\_\_) \_\_\_\_\_

2. Gross income during each of the last two years exceeded:

(1) \_\_\_\_\_ \$25,000                      (2) \_\_\_\_\_ \$50,000  
(3) \_\_\_\_\_ \$100,000                      (4) \_\_\_\_\_ \$200,000

3. Joint gross income with spouse during each of the last two years exceeded \$300,000

(1) \_\_\_\_\_ Yes                      (2) \_\_\_\_\_ No

4. Estimated gross income during current year exceeds:

(1) \_\_\_\_\_ \$25,000                      (2) \_\_\_\_\_ \$50,000  
(3) \_\_\_\_\_ \$100,000                      (4) \_\_\_\_\_ \$200,000

5. Estimated joint gross income with spouse during current year exceeds \$300,000

(1) \_\_\_\_\_ Yes                      (2) \_\_\_\_\_ No

**C. Net Worth**

1. Current net worth or joint net worth with spouse (note that "net worth" includes all of the assets owned by you and your spouse in excess of total liabilities, including the fair market value, less any mortgage, of your principal residence.)

(1) \_\_\_\_\_ \$50,000-\$100,000 (2) \_\_\_\_\_ \$100,000-\$250,000 (3) \_\_\_\_\_ \$250,000-\$500,000  
(4) \_\_\_\_\_ \$500,000-\$750,000 (5) \_\_\_\_\_ \$750,000-\$1,000,000 (6) \_\_\_\_\_ over \$1,000,000

2. Current value of liquid assets (cash, freely marketable securities, cash surrender value

of life insurance policies, and other items easily convertible into cash) is sufficient to provide for current needs and possible personal contingencies:

(1)\_\_\_\_Yes

(2)\_\_\_\_No

**D. Affiliation with the Company**

Are you a director or executive officer of the Company?

(1)\_\_\_\_Yes

(2)\_\_\_\_No

**E. Investment Percentage of Net Worth**

If you expect to invest at least \$100,000 in Notes, does your total purchase price exceed 10% of your net worth at the time of sale, or joint net worth with your spouse?

(1)\_\_\_\_Yes

(2)\_\_\_\_No

**F. Consistent Investment Strategy**

Is this investment consistent with your overall investment strategy?

(1)\_\_\_\_Yes

(2)\_\_\_\_No

**G. Prospective Investor's Representations**

The information contained in this Questionnaire is true and complete, and the undersigned understands that the Company and its counsel will rely on such information for the purpose of complying with all applicable securities laws as discussed above. The undersigned agrees to notify the Company promptly of any change in the foregoing information which may occur prior to any purchase by the undersigned of securities from the Company.

Prospective Investor:

\_\_\_\_\_  
Signature

Date: \_\_\_\_\_, 2011

\_\_\_\_\_  
Signature (of joint purchase if purchase is to be  
Made as joint tenants or as tenants in common)

**Exhibit D**  
**ERC Investments LLC**  
**Business Plan**



February 2, 2012

Carrie Thompson  
ERC  
8800 East Chaparral Road – Suite 270  
Scottsdale, Arizona 85250

Aaron J. Kaplan  
[REDACTED]  
[REDACTED] NC [REDACTED]

Dear Mr. Kaplan,

Enclosed please find two copies of the Confidential Private Placement Memorandum (PPM) for your investment. Please review the Confidential Private Placement Memorandums and complete the following:

1. Sign the Acknowledgment of review of the PPM on Page 20.
2. Circle the applicable citizenship/residency category at the top of Page 32.
3. Sign on the "Signature of Authorized Representative" line on Page 32.
4. Initial the applicable Investor Status on Page 34, and if filing as an "Accredited Investor," please check the appropriate box on Pages 34-35.
5. Sign print and date page 38.
6. Complete Exhibit C on Pages 40-42 of the Promissory Note section, and sign/date on Page 42. Note: You will only need to complete one of the Investor Suitability questionnaires (for the copy we will keep for our records).

Once you have completed and signed the Memorandums, please remove the plastic tabs from your copy and stick them to the inside front cover of our copy (again, our copy is the one with the completed Investor Suitability Questionnaire section and red tabs). Return the completed and signed PPM to us in the included pre-paid return envelope, and keep the other PPM copy for your personal records. If you will be funding via a check, please make sure that the check is made out to "ERC Compactors LLC." If you are funding via wire transfer, please refer to the enclosed Funding and Wire Instructions for account information.

If you have any further questions regarding this signing, please do not hesitate to contact me at the number listed below. We thank you for your investment with ERC.

Best Regards,  
Carrie Thompson  
Administrative Assistant  
[REDACTED]

ACC000150  
FILE #8337

**Annalisa Weiss**

**From:** aaron kaplan [aaron.j.kaplan@[REDACTED]]  
**Sent:** Tuesday, March 27, 2012 11:43 PM  
**To:** Annalisa Weiss  
**Subject:** Fwd: Investment Information  
**Attachments:** Chicago 10000000 PPM FINAL.pdf; ERC Investor Info Sheet 1-2012.doc

----- Forwarded message -----

**From:** Nicole Kordosky <[nicole@azicenter.com](mailto:nicole@azicenter.com)>  
**Date:** Tue, Jan 24, 2012 at 6:48 PM  
**Subject:** Investment Information  
**To:** [aaron.j.kaplan@\[REDACTED\]](mailto:aaron.j.kaplan@[REDACTED])

Good Evening Aaron,

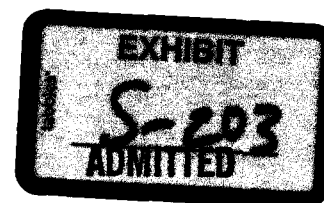
Thank you for your phone call today. I am attaching an investor information sheet to be completed, as well as additional information on the investment fund you requested. We can discuss this fund in more detail when we chat again on Friday at 11:30. Let me know what questions you may have. Have a great night!

Thank You,

Nicole Kordosky

| Arizona Investment Center | Investment Relations | [www.arizonainvestmentcenter.com](http://www.arizonainvestmentcenter.com) |

8800 E. Chaparral Rd, Suite 270 Scottsdale, AZ 85250 | [480.278.7031](tel:480.278.7031) Office | [480.278.8979](tel:480.278.8979) Fax



3/29/2012

ACC000054  
FILE #8337



**CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM**

**ERC INVESTMENTS LLC**  
An Arizona Limited Liability Company

---

**\$10,000,000**  
**Split into Two Offerings**

**First Offering**

**\$25,000 per Promissory Note (Unit)**  
**MINIMUM PURCHASE - 1 Promissory Note**  
**18% Annual Rate of Return, Paid monthly**  
**Maturity Date: 24 months**  
**Redemption at Maturity - \$25,000 per Unit**

---

**Second Offering**

**\$25,000 per Promissory Note (Unit)**  
**MINIMUM PURCHASE - 1 Promissory Note**  
**12% Annual Rate of Return, Paid monthly**  
**Maturity Date: 24 months**  
**Redemption at Maturity - \$25,000 per Unit**

ERC Investments LLC, an Arizona Limited Liability Company (hereinafter referred to as the "COMPANY"), is offering by means of this Confidential Private Placement Memorandum a maximum of Four Hundred (400) secured Promissory Notes ("Notes"), split into two separate offerings, each in the amount of Five Million (\$5,000,000) Dollars, at an offering price of Twenty Five Thousand (\$25,000) Dollars per Note, for a combined maximum total of Ten Million Dollars (\$10,000,000), to qualified investors who meet the Investor Suitability Requirements set forth herein (see "INVESTOR SUITABILITY REQUIREMENTS"). Each investor must agree to purchase the Notes, as a lender to the Company, for investment purposes only, and execute a Subscription Agreement in the form contained in the accompanying Subscription Booklet (see "TERMS OF THE OFFERING").

**THESE SECURITIES ARE SPECULATIVE AND INVESTMENT  
IN THE NOTES INVOLVES A DEGREE OF RISK  
(SEE "RISK FACTORS")**

	<b>Offering Price</b>	<b>Selling Commissions</b>	<b>Proceeds to Company</b>
<b>Per Unit</b>	\$25,000	\$2,500	\$22,500
<b>Maximum Units</b>	\$10,000,000	\$1,000,000	\$9,000,000

**ERC Investments LLC**  
8800 E Chaparral Road, Suite 270, Scottsdale, Arizona 85250  
Telephone: (480) 278-7031  
The date of this Private Placement Memorandum is December 1, 2011

**ACC000055**  
FILE #8337

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## **IMPORTANT NOTICES**

This Confidential Private Placement Offering Memorandum ("Memorandum") is submitted to you on a confidential basis solely for the purpose of evaluating the specific transaction described herein. This information shall not be photocopied, reproduced or distributed to others without the prior written consent of ERC Investments LLC (the "Company"). If the recipient determines not to purchase any of the Notes offered hereby, it will promptly return all material received in connection herewith without retaining any copies.

## **DISCLAIMERS**

THE NOTES OFFERED HEREBY IN THIS OFFERING MEMORANDUM HAVE NOT BEEN REGISTERED WITH, OR APPROVED, BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, NOR HAVE SUCH NOTES OR THIS MEMORANDUM BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL OF ANY STATE OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE. THIS OFFERING IS BASED ON THE EXEMPTION FROM SUCH REGISTRATION AS SET FORTH IN §4(2) AND RULE 506 OF REGULATION D OF THE SECURITIES ACT OF 1933, AS AMENDED.

THE INVESTMENT DESCRIBED IN THIS MEMORANDUM INVOLVES RISKS, AND IS OFFERED ONLY TO INDIVIDUALS WHO CAN AFFORD TO ASSUME SUCH RISK FOR AN INDEFINITE PERIOD OF TIME AND WHO AGREE TO PURCHASE THE NOTES ONLY

FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TOWARD THE TRANSFER, RESALE, EXCHANGE OR FURTHER DISTRIBUTION THEREOF. THERE WILL BE NO PUBLIC MARKET FOR THE NOTES ISSUED PURSUANT TO THIS OFFERING MEMORANDUM. THE RESALE OF THE NOTES IS LIMITED BY FEDERAL AND STATE SECURITIES LAWS AND IT IS THEREFORE RECOMMENDED THAT EACH POTENTIAL INVESTOR SEEK COUNSEL SHOULD THEY DESIRE MORE INFORMATION.

THE PRICE OF THE NOTES AS DESCRIBED IN THIS OFFERING MEMORANDUM HAS BEEN ARBITRARILY DETERMINED BY THE SPONSORS OF THIS INVESTMENT, AND EACH PROSPECTIVE INVESTOR SHOULD MAKE AN INDEPENDENT EVALUATION OF THE FAIRNESS OF SUCH PRICE UNDER ALL THE CIRCUMSTANCES AS DESCRIBED IN THE ATTACHED OFFERING MEMORANDUM.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION IN CONNECTION WITH THIS MEMORANDUM, EXCEPT SUCH INFORMATION AS IS CONTAINED OR REFERENCED IN THIS MEMORANDUM. ONLY INFORMATION OR REPRESENTATIONS CONTAINED OR REFERENCED HEREIN MAY BE RELIED UPON AS HAVING BEEN MADE BY THE COMPANY. PROSPECTIVE INVESTORS WHO HAVE QUESTIONS CONCERNING THE TERMS AND CONDITIONS OF THIS PRIVATE OFFERING MEMORANDUM OR WHO DESIRE ADDITIONAL INFORMATION OR DOCUMENTATION TO VERIFY THE INFORMATION CONTAINED HEREIN SHOULD CONTACT THE COMPANY. PROJECTIONS OR FORECASTS CONTAINED IN THIS PRIVATE OFFERING MEMORANDUM, OR OTHER MATERIALS, MUST BE VIEWED ONLY AS ESTIMATES. ALTHOUGH ANY PROJECTIONS CONTAINED IN THIS MEMORANDUM ARE BASED UPON ASSUMPTIONS WHICH THE COMPANY BELIEVES TO BE REASONABLE, THE ACTUAL PERFORMANCE OF THE COMPANY MAY DEPEND UPON FACTORS BEYOND THE CONTROL OF THE COMPANY. NO ASSURANCE CAN BE GIVEN THAT THE COMPANY'S ACTUAL PERFORMANCE WILL MATCH ITS INTENDED RESULTS.

## 1. SUMMARY OF THE OFFERING

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY MORE DETAILED INFORMATION THAT MAY APPEAR ELSEWHERE IN THIS PRIVATE PLACEMENT MEMORANDUM. EACH PROSPECTIVE INVESTOR IS URGED TO READ THIS PRIVATE OFFERING MEMORANDUM IN ITS ENTIRETY.

ERC Investments LLC (the "Company") was formed on April 21, 2011 as an Arizona LLC. The Company is in the business of investing in rubbish and waste recycling and the purchase/sale of commodities.

The Securities offered are Four Hundred (400) Notes issued by the Company at Twenty Five Thousand (\$25,000) Dollars per Note, split into two offerings, payable in cash at the time of subscription (see "Exhibit "B" for copy of Promissory Note). The minimum purchase is one (1) Note. The two offerings are described as follows:

**First Offering:** The first offering is in the amount of Five Million (5,000,000) Dollars and these notes have an annual rate of return of eighteen (18%) percent simple interest paid monthly. Principal will be paid at maturity. The maturity date is twenty-four (24) months from the Commencement Date of each Note. The Company reserves the right to extend the maturity for an additional twelve (12) months at the annual rate of return of eighteen (18%) percent simple interest if for reasons beyond the company's control, such as permit approval or delays in the delivery of purchased machinery, the above referenced maturity date cannot be met. If the Company elects this option, the maturity date would be extended up to an additional twelve (12) months from the above referenced maturity date. This offering may be closed and replaced by the second offering, described below, by the Company at any time.

**Second Offering:** The second offering will be in the amount of Five Million (5,000,000) Dollars and these will notes have an annual rate of return of twelve (12%) percent simple interest paid monthly. Principal will be paid at maturity. The maturity date is twenty-four (24) months from the Commencement Date of each Note. The Company reserves the right to extend the maturity for an additional twelve (12) months at the annual rate of return of twelve (12%) percent simple interest if for reasons beyond the company's control, such as permit approval or delays in the delivery of purchased machinery, the above referenced maturity date cannot be met. If the Company elects this option, the maturity date would be extended up to an additional twelve (12) months from the above referenced maturity date.

The Notes offered pursuant to this Private Placement Memorandum will be secured property, equipment and commodities such as locomotives located in its new facility in Chicago, Illinois.

None of the Notes are convertible to membership units, or other type of equity, in the Company. The Principal may be prepaid, at the sole discretion of the Company, without a prepayment penalty. This offering will commence on December 1, 2011, and will terminate no later than November 30, 2012, unless extended by the Company (see "TERMS OF THE OFFERING").

The gross proceeds of the two offerings will be a maximum of Ten Million Dollars (\$10,000,000) Dollars. The use of the proceeds is to purchase land, equipment, commodities and locomotives, for a new recycling center located in Chicago, Illinois.. This covers such items as site planning, land and equipment, legal, accounting, marketing plan, business plan, franchise development

and all other steps needed in the formation of this company as described herein (see "USE OF PROCEEDS").

## **2. THE COMPANY**

ERC Investments LLC (the "Company") was formed on April 21, 2011 as an Arizona LLC. At the date of this offering One Thousand (1,000) of the Company's Membership Units were authorized, issued and outstanding. The Company is in the business of investing in waste management, recycling and bio-fuel production and the purchase and selling of commodities.

### **2.1 OPERATIONS**

A recycling plant is a facility which collects and processes materials for recycling. Recycling plants may be attached to landfills to streamline the waste management process, or they may be independent facilities. The goods handled at a recycling plant are quite varied, depending on regional demand for specific materials, and the capacity of the plant itself.

Recycling is a complex process, which starts with a consumer dropping a recyclable object or container into a designated recycling bin. Once that object reaches a plant, it is dumped onto a conveyor with numerous other items for sorting. Sorted goods are divided by type, so that like can be recycled with like. After sorting, the goods are usually cleaned, so that they are ready for the recycling process.

Melting, shredding, and pulping are all used to prepare things for recycling. Glass tends to be chipped and then melted so that it can be made into new glass objects, although some recycling plants also offer bottle reclamation, in which bottles are sterilized for reuse. Shredding is used to package plastic, metal, and paper for processing, while pulping is used to convert paper products into slurry which can be made into paper all over again.

Once objects have been broken down at a recycling plant, they can be made into products from recycled goods.

The buying and selling of commodities is also a part of operations. Items, such as locomotives can be purchased, usually in bulk, and then stripped at the facility. This process results in both metal to be sold as a commodity and salvaged parts are sold on the open market.

## **3. MANAGEMENT**

### **3.1 MEMBERS, DIRECTORS AND EXECUTIVE OFFICERS**

The success of the company is dependent upon the services and expertise of existing management. At the present time, is actively involved in the management of the Company.

Peter A. Salazar Jr. Chief Executive Officer:

Bachelor in Environmental Science - 2000

2000- Founder of C&D Construction Services Inc - Construction Clean Up Company

2001- Co-Founder with Brother Luis Salazar of Starwood Lumber Products - Dimensional Lumber Products

2002 - Expanded C&D Construction Services Inc - Roll Off Division

2003 - Founder of Liberty Salvage Materials - Recycling Division of C&D Construction Services Inc.

2008 - 2010 - Arizona Recyclers Association - President

2009 - Liberty Salvage Materials - Environmental Business Journal - Achievement Award  
Add Guy Jason, Jim, Brian Ryan

The management team may be further developed and expanded with qualified and experienced executives, professionals and consultants, as the Company matures and grows.

#### **4. TERMS OF THE OFFERING**

##### **4.1 GENERAL TERMS OF THE OFFERING**

This Private Offering Memorandum is offering a maximum of Four Hundred (400) Notes, split between two offerings at Twenty Five Thousand (\$25,000) Dollars per Note, for a combined maximum of Ten Million (\$10,000,000) Dollars to a select group of investors who satisfy the Investor Suitability Requirements (see "INVESTOR SUITABILITY REQUIREMENTS"). The Company will have the authority to sell fractional Notes at its sole discretion.

##### **4.2 OFFERING AMOUNT - HOLDING ACCOUNT**

The Company has established an account with Wells Fargo, into which the offering proceeds will be placed. There is no minimum offering amount established. After the Notes are sold, all proceeds from the sale of Notes will be delivered directly to the Company.

##### **4.3 NONTRANSFERABILITY OF NOTES**

The Notes have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), and are being offered in reliance upon an exemption under §4(2) and

Rule 506 of Regulation D of the Securities Act, as amended, and rules and regulations hereunder. The Notes have not been registered under the securities laws of any state and will be offered pursuant to an exemption from registration in each state. A purchaser may transfer or dispose of the Note only if such Notes are subsequently registered under the Securities Act, or if an exemption from registration is available, and pursuant to an opinion of counsel acceptable to the Company and its counsel to the effect that the Notes may be transferred without violation of the registration requirements of the Securities Act or any other securities laws.

#### **4.4 CLOSING OF THE OFFERING**

The Notes are offered and closed only when a properly completed Subscription Agreement (**Exhibit A**); Note (**Exhibit B**), and Investor Questionnaire (**Exhibit C**) are submitted by the investing Subscriber or his/her Investor Representatives and are received and accepted by the Company. The Subscription Agreement as submitted by an investing Subscriber or his/her Investor Representatives shall be binding once the Company signs the Subscription Agreement, Note and the funds delivered by the potential Investor to the Company with the Subscription Agreement has been cleared by the financial institution in which they are deposited by the Company. The Notes will be delivered to qualified Investors upon acceptance of their subscriptions. All funds collected from investing Subscribers will be deposited in a designated account under the control of the Company. Investors subscribing to the Notes may not withdraw or revoke their subscriptions at any time prior to acceptance by the Company, except as provided by certain state laws, or if more than thirty (30) days have passed after receipt of the Subscription Agreement by the Company without the Company accepting the Investor's funds and delivering all applicable documents to such Investor. The proceeds of this Offering will be used only for the purpose set forth in this Private Offering Memorandum (see "**USE OF PROCEEDS**").

The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon reaching the maximum offering amount of Ten Million (\$10,000,000) Dollars.
2. The company, at its sole discretion, may close the First Offering at any time.
3. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding thirty (30) days thereafter to which the Company, in its sole discretion, may extend this Offering.



## **5. PLAN OF DISTRIBUTION**

### **5.1 OFFERING OF NOTES**

The Notes will be offered to prospective lenders by Members, Officers and Directors of the Company and qualified licensed personnel, pursuant to State and Federal security rules and regulations. This Offering is made solely through this Private Placement Memorandum and without any form of general solicitation or advertising. The Company and its Members, Officers and Directors or other authorized personnel will use their best efforts during the Offering period to find eligible Investors who desire to subscribe to the Notes in the Company. These Notes are offered on a "best efforts" basis, and there is no assurance that any or all of the Notes will be closed. The Company has the authorization to offer fractional Notes at its sole discretion. The Offering period will begin as of the date of this private Offering Memorandum and will close upon the happening of such occurrences as defined herein (see "TERMS OF THE OFFERING").

### **5.2 PAYMENTS TO BROKER DEALERS OR INVESTMENT ADVISORS**

The Company has the power to pay fees or commissions to qualified Broker Dealers, Registered Investment Advisors or any other person qualified under other applicable federal and state security laws.

## **6. DESCRIPTION OF NOTES**

### **6.1 NOTES**

The Company is offering Four Hundred (400) Notes, split into two separate offerings each in the amount of Two Hundred (200) Notes, of the Company to potential investors at Twenty Five Thousand (\$25,000) Dollars per Note, payable in cash at the time of the subscription. The minimum purchase is one (1) note. The two offerings are described as follows:

**First Offering:** The first offering is in the amount of Five Million (5,000,000) Dollars and these notes have an annual rate of return of eighteen (18%) percent simple interest paid monthly. Principal will be paid at maturity. The maturity date is twenty-four (24) months from the Commencement Date of each Note. The Company reserves the right to extend the maturity for an additional twelve (12) months at the annual rate of return of eighteen (18%) percent simple interest if for reasons beyond the company's control, such as permit approval or delays in the delivery of purchased machinery, the above referenced maturity date cannot be met. If the Company elects this option, the maturity date would be extended up to an additional twelve (12) months from the above referenced maturity date. This offering may be closed and replaced by the second offering, described below, by the Company at any time.

**Second Offering:** The second offering will be in the amount of Five Million (5,000,000) Dollars and these will notes have an annual rate of return of twelve (12%) percent simple interest paid monthly. Principal will be paid at maturity. The maturity date is

twenty-four (24) months from the Commencement Date of each Note. The Company reserves the right to extend the maturity for an additional twelve (12) months at the annual rate of return of twelve (12%) percent simple interest if for reasons beyond the company's control, such as permit approval or delays in the delivery of purchased machinery, the above referenced maturity date cannot be met. If the Company elects this option, the maturity date would be extended up to an additional twelve (12) months from the above referenced maturity date.

The Notes offered pursuant to this Private Placement Memorandum will be secured property, equipment and commodities such as locomotives located in its new facility in Chicago, Illinois.

The Notes will be issued in the form attached hereto and incorporated herein by reference as though set forth in full herein as **Exhibit B**.

## **6.2 SECURITY FOR PAYMENT OF THE NOTES**

The Notes being offered by the Company in this Private Placement Offering will be secured by property, equipment and commodities such as locomotives located in its new facility in Chicago, Illinois.

## **6.3 REPORTS TO NOTEHOLDERS**

The Company, will furnish annual unaudited reports to its Note holders ninety (90) days after its fiscal year. The Company may issue other interim reports to its Note holders as it deems appropriate. The Company's fiscal year will end on December 31<sup>st</sup> of each year.

## **7. USE OF PROCEEDS**

The gross proceeds of the Combined Offering will be a maximum of Ten Million (\$10,000,000) Dollars. The table below sets forth the use of proceeds for both the maximum and minimum offering amounts.

### Sources

	Maximum Amount	Percent of Proceeds
Proceeds From Sale of Notes	\$ 10,000,000	100%
Offering Expenses (1)	\$ 50,000	0.50%
Commissions (2)	\$ 1,000,000	10.00%
Total Offering Expenses & Fees	\$ 1,050,000	10.50%
Net Offering Proceeds (3)	\$ 8,950,000	89.50%
Total Application of Proceeds	\$ 10,000,000	100%

**Footnotes:**

(1) Includes estimated memorandum preparation, filing, printing, legal, accounting and other fees and expenses related to the Offering.

(2) This Offering is being sold by the officers and directors of the Company, who will not receive any compensation for their efforts. No sales fees or commissions will be paid to such officers or directors. Notes may be sold by registered brokers or dealers who are members of the NASD and who enter into a Participating Dealer Agreement with the Company. Such brokers or dealers may receive commissions up to ten percent (10%) of the price of the Notes sold.

(3) Net offering proceeds available for the formation of the new entity. This covers such items as land purchase, site build out, equipment purchase, site planning, legal, accounting, marketing plan, commodity purchases such as locomotives and other items as needed for the company.

## **8. CAPITALIZATION STATEMENT**

### **8.1 CAPITALIZATION PRIOR TO AND AFTER THE OFFERING**

The following table summarizes the capitalization of the Company prior to, and as adjusted to reflect the issuance and sale of the maximum of Four Hundred (400) Notes or Ten Million (\$10,000,000) Dollars.

	AS ADJUSTED 4/21/11	AFTER THE OFFERING
Notes	<u>-0-</u>	<u>\$ 10,000,000</u>
Membership Units \$1.00 par value, 1,000 units authorized, 1,000 Units issued and outstanding	\$1,000	\$ 1,000
Net Shareholders' Equity	\$1,000	\$ 1,000
TOTAL CAPITALIZATION	<u>\$1,000</u>	<u>\$ 10,001,000</u>

## 9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### 9.1 RESULTS OF OPERATIONS

The Company is in the process of expanding its services into the Chicago Market. This will be done under the name of ERC Chicago LLC.

### 9.2 LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity and capital resources are dependent on its operations, including ERC of Chicago LLC, and its ability to raise sufficient capital to pay for the purchase price of the Promissory Notes.

## 10. CERTAIN TRANSACTIONS

### 10.1 ARIZONA LLC

ERC Investments LLC is a privately held Arizona LLC, formed on April 21, 2011.

### 10.2 PRIVATE OFFERING OF NOTES

The Company is authorized to offer in this private offering, up to Ten Million (\$10,000,000) Dollars of Notes to selected investors, effective on December 1, 2011.

## **11. FIDUCIARY RESPONSIBILITIES OF THE MEMBERS, DIRECTORS AND OFFICERS OF THE COMPANY**

### **11.1 GENERAL**

The Members, Officers and Directors of the Company are accountable to the Company as fiduciaries and such Members, Officers and Directors are required to exercise good faith and integrity in managing the Company's affairs and policies. Each Note holder of the Company, or their duly authorized representative, may inspect the books and records of the Company at any time during normal business hours. A Note holder may be able to bring an action on behalf of himself in the event the Note holder has suffered losses in connection with the purchase or sale of the Note(s) in the Company, due to a breach of fiduciary duty by an Member, Officer or Director of the Company, in connection with such sale or purchase, including the misrepresentation or misapplication by any such Member, Officer or Director of the proceeds from the sale of these Notes, and may be able to recover such losses from the Company.

### **11.2 INDEMNIFICATION**

Indemnification is permitted by the Company to members, directors, officers, managers or controlling persons pursuant to Arizona law. Indemnification includes expenses, such as attorneys' fees and, in certain circumstances, judgments, fines and settlement amounts actually paid or incurred in connection with actual or threatened actions, suits or proceedings involving such person and arising from their relationship with the Company, except in certain circumstances where a person is adjudged to be guilty of gross negligence or willful misconduct, unless a court of competent jurisdiction determines that such indemnification is fair and reasonable under the circumstances.

## **12. RISK FACTORS**

THIS INVESTMENT INVOLVES A DEGREE OF RISK. AN INDIVIDUAL CONTEMPLATING INVESTMENT IN THIS OFFERING SHOULD GIVE CAREFUL CONSIDERATION TO THE ELEMENTS OF THE RISK SUMMARIZED BELOW, AS WELL AS THE OTHER RISK FACTORS IDENTIFIED ELSEWHERE IN THIS PRIVATE OFFERING MEMORANDUM.

### **12.1 FORMATION OF THE COMPANY**

The company was formed on April 21, 2011. It is therefore subject to all the risks inherent in the creation of a new Company. Unforeseen expenses, complications and delays may occur with a new Company.

## **12.2 CONTROL BY COMPANY**

After completion of this offering the Company will own one hundred percent (100%) of the issued and outstanding Membership Units. Such ownership will enable the Company to continue to elect all the Managers and to control the Company's policies and affairs. The Note holders will not have any voting rights in the Company.

## **12.3 RELIANCE ON THE COMPANY FOR MANAGEMENT**

All decisions with respect to the management of the Company will be made exclusively by the managers of the Company. The Note holders do not have the right or power to take part in the management of the Company. Accordingly, no person should purchase a Note unless he is willing to entrust all aspects of the management of the Company to existing Management.

## **12.4 LIMITED TRANSFERABILITY OF THE NOTES**

The transferability of the Notes in this offering is limited, and potential investors should recognize the nature of their investment in the offering. It is not expected that there will be a public market for the Notes because there will be only a limited number of investors and restrictions of the transferability of Notes. The Notes have not been registered under the Securities Act of 1933, as amended, or qualified or registered under the securities laws of any state and, therefore, the Notes cannot be resold unless they are subsequently so registered or qualified or an exemption from such registration is available. The offering also contains restrictions on the transferability of the Notes. Accordingly, purchasers of Notes will be required to hold such Notes to maturity unless otherwise approved by the Company. The Company does not intend to register the Notes under the Securities Act of 1933.

## **12.5 REGULATIONS**

The Company is subject to various federal and state laws, rules and regulations. Failure to comply with these laws may result in civil and criminal liability. The Company believes it will be in full compliance with any and all applicable laws, rules and regulations.

## **12.6 SPOT PRICING**

The pricing of recycled material fluctuates according to global demand.

## **12.7 MARKET RISKS**

The Company fails to attract commercial, industrial, or government contracts.

## **12.8 COMPETITORS**

Competitors may outspend us to capture market share.

## **12.9 FORCE MAJEURE**

Neither party shall be liable in damages or have the right to terminate this Agreement for any delay or default in performing hereunder if such delay or default is caused by conditions beyond its control including, but not limited to Acts of God, Government restrictions (including the denial or cancellation of any export or other necessary license), wars, insurrections and/or any other cause beyond the reasonable control of the party whose performance is affected.

## **12.10 BUSINESS PLAN RISKS**

For additional reading, please read the risk section in the Business Plan.

## **13. PRINCIPAL SHAREHOLDERS**

As of the date of this Offering, the Company has One Thousand (1,000) Membership Units issued and outstanding.

## **14. HOW TO INVEST**

An Investor who meets the qualifications as set forth in this Private Offering Memorandum may subscribe for at least the minimum purchase herein of One (1) Note Twenty Five Thousand (\$25,000) Dollars) by carefully reading this entire Private Offering Memorandum and by then completing and signing a separately bound booklet. This booklet contains identical copies of the following exhibits contained in the Private Offering Memorandum, including:

Exhibit A      **INSTRUCTIONS TO SUBSCRIBERS and SUBSCRIPTION AGREEMENT:** This contains complete instructions to Subscribers and should be read in its entirety by the prospective investor prior to investing. The Subscription Agreement must be signed by the Investor.

- Exhibit B      PROMISSORY NOTE: This Note will be signed by ERC Investments LLC.
- Exhibit C      INVESTOR QUESTIONNAIRE: This questionnaire requires a Subscriber to complete a financial history in order to aid the Company in the determination of the suitability of the Subscriber as a potential Investor. This questionnaire must be signed by the Investor.
- Exhibit D      ERC Investments LLC Business Plan.

Copies of all the above referenced documents are included with this Private Placement Memorandum. For discussion of the actions of the Company upon receipt of a properly completed request to invest by a Subscriber, please see "**TERMS OF THE OFFERING.**" Such Investor should include his check made payable to **ERC INVESTMENTS LLC** along with the SUBSCRIPTION AGREEMENT, NOTE, AND INVESTOR QUESTIONNAIRE. Delivery of the documents referred to above, together with a check to be addressed to the Company as follows: **ERC INVESTMENTS LLC, c/o Arizona Investment Center, 8800 E. Chaparral Road, Suite 270, Scottsdale, AZ 85250.**

## **15. INVESTOR SUITABILITY REQUIREMENTS**

### **15.1 INTRODUCTION**

Potential Investors should have experience in making investment decisions or such Investors should rely on their own tax consultants or other qualified investment advisors in making this investment decision.

### **15.2 GENERAL SUITABILITY**

Each potential Investor will be required to represent the following by execution of a Subscription Agreement:

1. The Investor has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in this Offering.
2. The Investor has the ability to bear the economic risk of this investment, has adequate means to provide for his, her or its current needs and personal contingencies, has no need for liquidity in this investment and could afford the complete loss of the investment.
3. The Investor is acquiring the Note(s) for his, her or its own account for investment purposes only and not with a view toward subdivision, resale, distribution or fractionalization thereof, or for the account of



others, and has no present intention of selling or granting any participation in, or otherwise distributing, the Note(s).

4. The Investor's overall commitment to invest in the Note(s) is not disproportionate to his, her or its net worth and the investment in these Note(s) will not cause such overall commitment to become excessive.
5. The Investor has read and understands this Private Placement Memorandum and all its exhibits.

### **15.3 NONACCREDITED INVESTORS**

Up to and including thirty-five (35) investing Subscribers may be accepted by the Company as suitable Investors if each such Subscriber has a net worth sufficient to bear the risk of losing his entire investment and meets the above "General Suitability Standards."

### **15.4 ACCREDITED INVESTORS**

In addition to satisfying the "General Standards" as defined above, all but thirty-five (35) Subscribers for Shares must each satisfy one of the "Accredited Investors" economic suitability standards as defined below:

1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds One Million (\$1,000,000) Dollars;
2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of Three Hundred Thousand (\$300,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;
2. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within

the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

- 3.
4. Any private business development company (as defined in Section 202(a) (22) of the Investment Advisers Act of 1940);
5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;
6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;
7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and
8. Any entity in which all of the equity owners are Accredited Investors.

NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.

#### **15.5 ACCEPTANCE OF SUBSCRIPTION AGREEMENT BY THE COMPANY**

The Investor Suitability Requirements referred to in this section represent minimum requirements for potential Investors. Satisfaction of these standards does not necessarily mean that participation in this Offering constitutes a suitable investment for such a potential Investor or that the potential Investors' Subscription will be accepted by the Company. The Company may, in fact, modify such requirements as circumstances dictate. All Subscription Agreements submitted by potential Investors will be carefully reviewed by the Company to determine the suitability of the potential Investor in this Offering. The Company may, in its sole discretion, refuse a Subscription in this Offering to any potential Investor who does not meet the applicable Investor Suitability Requirements or who otherwise appears to be

an unsuitable Investor in this Offering. The Company will not necessarily review or accept a Subscription Agreement in the sequential order in which it is received. The Company also has the discretion to maximize the number of Accredited Investors in this Offering and, as a result, may accept less than thirty-five (35) Non-accredited Investors in this Offering.

## **16. LITIGATION**

The Company and its Managers have no lawsuits pending, no legal actions pending or judgments entered against the Company or its Managers and, to the best knowledge of the Company, no legal actions are contemplated against the Company and/or its Managers.

## **17. ADDITIONAL INFORMATION**

Reference materials described in this Private Offering Memorandum are available for inspection at the office of the company during normal business hours. It is the intention of the Company that all potential Investors are given full access to such information for their consideration in determining whether to purchase the Notes being offered. Prospective Investors should contact the Company for access to information regarding the matters set forth or other information concerning the Company. Representatives of the Company will also answer all inquiries from potential Investors concerning the Company and any matters relating to its proposed operations or present activities. The Company will afford potential Investors and their representatives the opportunity to obtain any additional information reasonably necessary to verify the accuracy or the source of any representations or information contained in this Private Offering Memorandum. All contracts entered into by the Company are subject to modifications and the Company may make any changes in any such contracts as deemed appropriate in its best discretion. Such recent amendments may not be circulated to Subscribers prior to the time of closing this Offering. However, potential Investors and their representatives may review such material or make inquiry of the Company concerning any of these and any other matters of interest.

## **18. FORECASTS OF FUTURE OPERATING RESULTS**

Any forecasts and pro forma financial information which may be furnished by the Company to prospective Investors or which are part of the Company's business plan are for illustrative purposes only and are based upon assumptions made by Management regarding hypothetical future events. There is no assurance that actual events will correspond with the assumptions or that factors beyond the control of the Company will not affect the assumptions and adversely affect the illustrative value and conclusions of any forecasts.

## 19. GLOSSARY OF TERMS

The following terms used in this Memorandum shall (unless the context otherwise requires) have the following respective meanings:

**ACCEPTANCE.** The acceptance by the Company of a prospective investor's subscription.

**ACCREDITED INVESTORS.** Those investors who meet the criteria set forth in "INVESTOR SUITABILITY REQUIREMENTS."

**BROKER-DEALER.** A person or firm licensed with the NASD, the SEC and with the securities or corporate commissions department of the state in which it sells investment securities and who may employ licensed agents for that purpose.

**COMPANY.** Refers to ERC Investments LLC, a Arizona Limited Liability Company.

**NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. (NASD).** A self-regulating body which licenses brokers and dealers handling securities offerings, reviews the terms of an offering's underwriting arrangements and advertising literature and, while not a governmental agency, acts as a review service watchdog to make sure that its regulations and those of the SEC are followed for the Investor's protection in offerings of securities.

**NOTES.** A Twenty Five Thousand (\$25,000) Dollar investment consisting of one (1) Promissory Note issued by ERC Investments LLC, a Arizona Limited Liability Company.

**SECURITIES ACT OF 1933.** A federal act regulated and enforced by the SEC that requires, among other things, the registration and use of a prospectus whenever a security is sold (unless the security or the manner of the Offering is expressly exempt from such registration process).

**SECURITIES EXCHANGE ACT OF 1934.** A federal act regulated and enforced by the SEC which supplements the Securities Act of 1933 and contains requirements which were designed to protect investors and to regulate the trading (secondary market) of securities. Such regulations require, among other things, the use of prescribed proxy statements when investors' votes are solicited; the disclosure of management and large shareholders' holding of securities; controls on the resale of such securities; and periodic (monthly, quarterly, annually) filing with the SEC of financial and disclosure reports of the Issuer.

**SECURITIES AND EXCHANGE COMMISSION (SEC).** An independent United States government regulatory and enforcement agency which supervises investment trading activities and registers companies and those securities which fall under its jurisdiction. The SEC also administers statutes to enforce disclosure requirements that were designed to protect investors in securities offerings.

**SUBSCRIPTION DOCUMENTS.** Consists of the Note, Subscription Agreement, Investor Questionnaire and a check as payment for the Note(s) to be purchased submitted by each prospective Investor to the Company.

**TERMINATION DATE.** The earlier to occur of the date on which all Notes are sold or November 30, 2012.

## **20. ACKNOWLEDGMENT**

By signing below, the undersigned acknowledges that he/she has read and understood this entire Private Placement Memorandum.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

---

**EXHIBIT A**  
**SUBSCRIPTION AGREEMENT**

**Print Name of Subscriber:**

**Amount Loaned:**

**Number of Notes:**

**ERC INVESTMENTS LLC**  
**SUBSCRIPTION DOCUMENTS**

**OFFERING A MAXIMUM OF FOUR HUNDRED (400) SECURED PROMISSORY  
NOTES**

**TWENTY FIVE THOUSAND (\$25,000) DOLLARS PER NOTE**

**December 1, 2011**

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**SUBSCRIPTION INSTRUCTIONS**  
**(please read carefully)**

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Each subscriber for the secured Promissory Notes, Twenty Five Thousand (\$25,000) Dollars per Note (the "Notes") of ERC Investments LLC, an Arizona Limited Liability Company ("the Company"), must complete and execute the Subscription Documents in accordance with the instructions set forth below. The completed documents should be sent to ERC Investments LLC c/o Arizona Investment Center, 8800 E. Chaparral Road, suite 270, Scottsdale, AZ 85250.

**Payment for the Securities should be made by check payable to the Company and enclosed with the documents as directed in Section III below.**

- I. These Subscription Documents contain all of the materials necessary for you to purchase the Notes. This material is arranged in the following order:
  - Subscription Agreement
  - Promissory Note
  - Confidential Prospective Purchaser's Questionnaire
- II. All investors must complete in detail, date, initial, and sign the Subscription Documents where appropriate. All applicable sections must be filled in.
- III. Payment for the Notes must be made by check as provided below:

Please make your check payable, in the appropriate amount, for the number of Notes purchased (at Twenty Five Thousand (\$25,000) Dollars per Note), to **ERC INVESTMENTS LLC**. Your check should be enclosed with your signed subscription documents.

All funds received from subscribers will be placed in a operating account and will be available for use.

#### **IV SPECIAL INSTRUCTIONS**

**FOR CORPORATIONS.** Include copy of Board resolution designating the corporate officer authorized to sign on behalf of the corporation, a Board resolution authorizing the investment, and financial statements.

**FOR PARTNERSHIPS.** Provide a complete copy of the partnership agreement, questionnaire, and financial statements for each General Partner.

**FOR TRUSTS.** Provide a complete copy of the instruments or agreements creating the trust, as amended to date.



**Print Name of Subscriber:**

**Amount Loaned:**

**Number of Notes:**

**Subscription Agreement**

To: ERC INVESTMENTS LLC  
8800 E Chaparral Road  
Suite 270  
Scottsdale Arizona 85250

**1. Subscription.** The undersigned hereby subscribes for the **First** offering for \_\_\_\_ Notes of ERC Investments LLC (the "Company"), an Arizona Limited Liability Company, and agrees to loan to the Company Twenty Five Thousand (\$25,000) Dollars per Note for an aggregate loan of \$\_\_\_\_\_ (the "Loan Amount") upon the terms and subject to the conditions (a) set forth herein, and (b) described in the Confidential Private Placement Memorandum ("Private Placement Memorandum") dated December 1, 2011 together with all exhibits thereto and materials included therewith, and all supplements, if any, related to this offering. The minimum loan is Twenty Five Thousand (\$25,000) Dollars, but the Company has the discretion to offer fractional Notes for loans less than the minimum.

**2. Note Offering.** The Company is offering up to a maximum of Four Hundred (400) Notes at Twenty Five Thousand (\$25,000) Dollars per Note,, split into two offerings, payable in cash at the time of subscription (see "Exhibit "B" for copy of Promissory Note). The minimum purchase is one (1) Note. The two offerings are described as follows:

**First Offering:** The first offering is in the amount of Five Million (5,000,000) Dollars and these notes have an annual rate of return of eighteen (18%) percent simple interest paid monthly. Principal will be paid at maturity. The maturity date is twenty-four (24) months from the Commencement Date of each Note. The Company reserves the right to extend the maturity for an additional twelve (12) months at the annual rate of return of eighteen (18%) percent simple interest if for reasons beyond the company's control, such as permit approval or delays in the delivery of purchased machinery, the above referenced maturity date cannot be met. If the Company elects this option, the maturity date would be extended up to an additional twelve (12) months from the above referenced maturity date. This offering may be closed and replaced by the second offering, described below, by the Company at any time.

**Second Offering:** The second offering will be in the amount of Five Million (5,000,000) Dollars and these will notes have an annual rate of return of twelve (12%) percent simple interest paid monthly. Principal will be paid at maturity. The maturity date is twenty-four (24) months from the Commencement Date of each Note. The Company reserves the right to

extend the maturity for an additional twelve (12) months at the annual rate of return of twelve (12%) percent simple interest if for reasons beyond the company's control, such as permit approval or delays in the delivery of purchased machinery, the above referenced maturity date cannot be met. If the Company elects this option, the maturity date would be extended up to an additional twelve (12) months from the above referenced maturity date

The maximum combined aggregate loan to the Company from this Offering will be Ten Million (\$10,000,000) Dollars. The Offering is being made to a limited number of investors pursuant to an exemption available under the Securities Act of 1933 (the "Act"), specifically Rule 506 promulgated under Regulation D, and under certain other laws, including the securities law of certain states.

**3. Documents to be delivered.** The undersigned is delivering to the Company executed copies of this Subscription Agreement (the "Agreement"), the Note(s), Offeree Questionnaire, and all other applicable exhibits and documents (the "Subscription Documents"). The Subscription Documents should be delivered to ERC Investments LLC c/o the Arizona Investment Center 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250. The undersigned understands and agrees that he or it will not become a "Holder" of the Note(s) and the Company shall not become a "Maker" of the Note(s) unless and until the Agreement and Note(s) are executed by the Company.

**4. Making of Loan Amount.** The undersigned, simultaneously with the delivery of the Subscription Documents to the Company, hereby tenders to the Company the Loan Amount by check made payable to the order of **ERC INVESTMENTS LLC** in the amount indicated above.

**5. Acceptance or Rejection of Subscription.** The undersigned understands and agrees that the Company reserves the right, exercisable in its sole discretion, to accept or reject any subscription, in whole or in part, for any reason and that the undersigned will be notified by the Company as promptly as practicable as to whether his or its subscription has been accepted or rejected. If the undersigned's subscription is accepted, in whole or in part, by the Company, the Company will execute this Agreement and the Note(s) and return them to the undersigned. If this subscription is rejected by the Company, either in whole or in part, all funds, in the case of a rejection of the subscription in whole, or those funds representing the amount of the subscription not accepted by the Company, in the case of a rejection of the subscription in part, will be returned to the undersigned as promptly as practicable. If this subscription is rejected in whole by the Company, this Agreement shall be null, void and of no effect. The undersigned does not have the right to withdraw or revoke his or its subscription during the Offering period, except as provided by certain state laws, except that if more than thirty (30) days shall have passed from the date the Company received completed and executed Subscription Documents and the Loan Amount from the undersigned (the "Acceptance Period"), and the Company has not accepted the subscription during the Acceptance Period, the undersigned may withdraw his or its subscription at any time after the Acceptance Period up until such time that the

Company subsequently decides, in its sole discretion, to accept the subscription in whole or in part.

**6. Offering Period.** The Company may close in whole or in part or terminate this Offering under any of the following conditions:

1. Upon reaching the maximum offering amount of Ten Million (\$10,000,000) Dollars.
2. The company, at its sole discretion may close the First Offering at any time.
3. Notwithstanding the above, this offer shall terminate one (1) year from the date of this Private Placement Memorandum; or on such later date not exceeding thirty (30) days thereafter to which the Company, in its sole discretion, may extend this Offering.

**7. Closing of the Loan.** The Note(s) subscribed for herein shall not be deemed made by the Company or held by the undersigned until this Agreement and the Note(s) have been countersigned by the Company, and until the funds delivered by the undersigned to the Company with the Subscription Documents have been deposited in the Holding Account and have been cleared by the applicable bank of the Company (the "Effective Date"). Upon the Effective Date, (a) the undersigned shall have loaned to the Company the Loan Amount, (b) the undersigned shall become the Holder and the Company shall become the Maker of the Note(s) subscribed for by the undersigned, and (c) both the undersigned and the Company shall be bound by the terms of the Private Placement Memorandum and the Subscription Documents and any other undertakings described herein.

**8. Representations and Warranties.**

(a) The Company hereby represents and warrants as follows:

(i) The Company is a Limited Liability Company duly organized, validly existing and is in good standing under the laws of the State of Arizona and has the requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted;

(ii) This Agreement constitutes the valid and binding obligation of the Company enforceable against the Company in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws from time to time in effect which affect creditor's rights generally and by legal and equitable limitations on the availability of specific performance and other equitable remedies under or by virtue of this Agreement). The Company has all requisite power and authority, corporate and other, to execute and deliver this Agreement and the Note(s) and to consummate the transactions contemplated hereby. All persons who have executed this Agreement and the Note(s) on behalf of the Company have been duly authorized to do so by all necessary

corporate action. Neither the execution and delivery of this Agreement and the Note(s) nor the consummation of the transactions contemplated hereby will (A) violate any provision of the Certificate of Incorporation or Operating Agreement of the Company, as currently in effect; (B) violate any judgment, order, injunction, decree or award against, or binding upon, the Company or the securities, assets, properties, operations or business of the Company; or (C) violate any law or regulation applicable to the Company or to the securities, assets, properties, operations or business of the Company.

(b) In order to induce the Company to accept the subscription made hereby, the undersigned hereby represents and warrants to the Company as follows:

(i) The undersigned has received the Private Placement Memorandum and the Subscription Documents. The undersigned has read and understands the Private Placement Memorandum and Subscription Documents and the information contained in those documents concerning the Company and this Offering or has caused his or its representative to read and examine the Private Placement Memorandum and Subscription Documents. The undersigned has relied only on the information about the Company contained in these documents and his or its own independent investigation in making his or its subscription. The undersigned understands that the Notes will be issued with the rights and subject to the conditions described in the Private Placement Memorandum and Subscription Documents;

(ii) The undersigned is familiar with the terms and conditions of the Offering and is aware that his or its investment involves a degree of risk and the undersigned has read the section in the Private Placement Memorandum titled "Risk Factors."

(iii) The undersigned hereby specifically accepts and adopts each and every provision of this Agreement and acknowledges and agrees with each and every provision of this Agreement and, upon acceptance by the Company of the subscription made hereby, agrees to be bound by such provisions.

(iv) The undersigned acknowledges and is aware that there is no assurance as to the future performance of the Company.

(v) The undersigned, if an individual (A) has reached the age of majority in the state in which he resides and (B) is a bona fide resident and domiciliary (not a temporary or transient resident) of the state set forth below his signature on the signature page hereof and has no present intention of becoming a resident of any other state or jurisdiction. The undersigned, if a partnership, corporation, limited liability company, trust or other entity, was organized or incorporated under the laws of the jurisdiction set forth below the signature made on its behalf on the signature page hereof and has no present intention of altering the jurisdiction of its organization, formation or incorporation.

(vi) The undersigned has the financial ability to bear the economic risk of an investment in the Offering, has adequate means of providing for his or its current needs and personal contingencies, has no need for liquidity in the Note(s) and could afford a complete loss of his or its investment in the Offering.

(vii) The undersigned represents and warrants to the Company that he or it comes within one of the categories of investors as defined in Exhibit 1 hereto *(please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity)*.

(viii) The undersigned has been given the opportunity to review the merits of an investment in the Offering with tax and legal counsel or with an investment advisor to the extent the undersigned deemed advisable.

(ix) The undersigned's overall commitment to invest in the Note(s), which are not readily marketable, is not disproportionate to his or its net worth and his or its investment in the Offering will not cause such overall commitment to become excessive.

(x) The undersigned has such knowledge and experience in financial and business matters that he or it is capable of evaluating the merits and risks of an investment in the Offering.

(xi) The undersigned has been given a full opportunity to ask questions of and to receive (A) answers from the Company and its Managers concerning the terms and conditions of this Offering and the business of the Company and (B) such other information as he or it desired in order to evaluate an investment in the Offering, and all such questions have been answered to the full satisfaction of the undersigned. No oral or written representations have been made or oral or written information furnished to the undersigned or the undersigned's advisors in connection with the Offering or interests that were in any way inconsistent with this Subscription Agreement. The undersigned is not participating in the Offering as a result of or subsequent to: (1) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television, radio or the internet or (2) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

(xii) If the undersigned is a corporation, limited liability company, partnership, trust or other entity, it is authorized and qualified to make this loan to the Company and the person signing this Agreement on behalf of such entity has been duly authorized by such entity to do so.

(xiii) If the undersigned is a corporation, limited liability company or partnership, the person signing this Agreement on its behalf hereby represents and

warrants that the information contained in this Agreement completed by any shareholders of such corporation, members of such limited liability company or partners of such partnership is true and correct with respect to such shareholder, member or partner (and if any such shareholder is itself a corporation, limited liability company or partnership, with respect to all persons having an equity interest in such corporation, limited liability company or partnership, whether directly or indirectly) and that the person signing this Agreement has made due inquiry to determine the truthfulness and accuracy of the information contained in this Agreement.

(xiv) The purchase of the Note(s) by the undersigned has been duly authorized, and the execution, delivery and performance of this Agreement does not conflict with the undersigned's partnership agreement, certificate of incorporation, by-laws, articles of organization, operating agreement or any agreement to which the undersigned is a party and this Agreement is a valid and binding agreement enforceable against the undersigned in accordance with its terms.

(xv) The undersigned hereby represents that he or it is subscribing for the Notes as principal or as trustee, solely for the account of the undersigned, for investment purposes only and not with a view to, or for, subdivision, resale, distribution, or fractionalization thereof, in whole or in part, or for the account, in whole or in part, of others, and, except as disclosed herein, no other person has a direct or indirect beneficial interest in the Note(s). The undersigned will hold the Note(s) as an investment and has no reason to anticipate any change in circumstances or other particular occasion or event, which would cause the undersigned to attempt to sell any of the Note(s).

(xvi) The undersigned acknowledges his or its understanding that (A) the Offering of the Note(s) by the Company has not been registered under the Act, as amended, or the securities laws of certain states in reliance on specific exemptions from registration, (B) the Confidential Memorandum and Subscription Documents have not been filed with or reviewed by the Securities and Exchange Commission or the securities department of any state and no securities administrator of any state or the federal government has recommended or endorsed this Offering or made any finding or determination relating to the fairness of an investment in the Company, and (C) the Offering of the Note(s) by the Company is intended to be exempt from registration pursuant to Section 4 (2) of the Act and the rules promulgated thereunder by the Securities and Exchange Commission, and that the undersigned's Note(s) cannot be sold, pledged, assigned or otherwise disposed of unless they are registered under the Act or an exemption from such registration is available.

(xvii) The undersigned represents and warrants that he or it will not transfer or convey all or part of his or its financial interest in the Note(s) unless such Note(s) are subsequently registered under the Act, or an exemption from such registration is available and without (A) the prior written consent of the Company and (B) an opinion of counsel acceptable to the Company and its counsel to the effect that the Note(s) may be transferred without violation of the registration requirements of the

Act or any applicable state securities laws, as may be amended from time to time. The undersigned further acknowledges that there can be no assurance that the Company will file any registration statement for the Note(s) for which the undersigned is subscribing, that such registration statement, if filed, will be declared effective or, if declared effective, that the Company will be able to keep it effective until the undersigned sells the Note(s) registered thereon.

(xviii) The undersigned understands that this Agreement is subject to the Company's acceptance and may be rejected by the Company at any time in its sole discretion in whole or any part prior to issuance of the Note(s) with respect to the undersigned's subscription, notwithstanding prior receipt by the undersigned of notice of acceptance of the undersigned's subscription. The Company reserves the right to withdraw the Offering at any time.

(xix) The undersigned acknowledges that this Agreement shall become binding upon the undersigned when it is countersigned by the Company and the undersigned is not entitled to cancel, terminate, or revoke this subscription before or after acceptance by the Company, except as otherwise provided in this Agreement.

(xx) All information provided by the undersigned in the Investor Questionnaire and Investor Representative Questionnaire (if applicable) which accompanies this Agreement is true and accurate in all respects, and the undersigned acknowledges that the Company will be relying on such information to its possible detriment in deciding whether the Company can make these Note(s) to the undersigned without giving rise to the loss of an exemption from registration under the applicable securities laws.

**9. Foreign Person.** If the undersigned has indicated on the signature page of this Agreement that he, she or it is a foreign person, he, she or it agrees to notify the Company in writing within Twenty (20) days of becoming a nonresident alien, foreign corporation, foreign partnership, foreign trust, foreign estate or other foreign entity, as the case may be.

**10. Indemnity.** The undersigned agrees to indemnify and hold harmless the Company, its managers, members, agents, attorneys and affiliates and each other person, if any, who controls any thereof, within the meaning of Section 15 of the Act, against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the undersigned to comply with any covenant or agreement made by the undersigned herein or in this Agreement or in any other document furnished by the undersigned to any of the foregoing in connection with this transaction.

**11. Notice.** All notices in connection with this Agreement shall be in writing and personally delivered or delivered via overnight mail, with written receipt therefore, or sent by certified mail, return receipt requested, to each of the parties hereto at their

addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 11) with a copy, in the case of notice to the Company, to ERC Investments LLC at 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

## **12. Miscellaneous.**

(a) This Agreement is not assignable by the undersigned. This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) This Agreement shall be deemed to have been made in the State of Arizona and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in State of Arizona. The parties hereto hereby consent to personal jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Agreement.

(c) This Agreement contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Agreement shall be effective unless in writing and signed by both parties to this Agreement.

(d) No waiver of any breach of any terms of this Agreement shall be effective unless made in writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall be construed as a waiver of any subsequent breach of that term or of any other term of the same or different nature.

(e) If any provision or portion of this Agreement or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Agreement.

(f) Each of the parties hereto shall cooperate and take such actions, and execute such other documents, at the execution hereof or subsequently, as may be reasonably requested by the other in order to carry out the provisions and purposes of this Agreement.



IN WITNESS WHEREOF, the undersigned, by his or its execution hereof, agrees to be bound by this Agreement.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2011, at \_\_\_\_\_  
(City), \_\_\_\_\_ (State).

**If the Investor is an INDIVIDUAL, complete the following:**

The undersigned (*circle one*): **[is] [is not]** a citizen or resident of the United States.

\_\_\_\_\_  
Print Name of Individual:

\_\_\_\_\_  
Print Name of Spouse if Funds are to  
be invested in Joint Name or are  
Community Property:

\_\_\_\_\_  
Print Social Security Number of Individual:

\_\_\_\_\_  
Print Social Security Number of  
Spouse

\_\_\_\_\_  
Signature of Individual

\_\_\_\_\_  
Signature of Spouse if Funds are to be  
Invested in Joint Name or are  
Community Property

\_\_\_\_\_  
Print Address of Residence:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Print Telephone Number:

(    )  
\_\_\_\_\_

**The investor is PARTNERSHIP, CORPORATION, TRUST OR OTHER ENTITY, complete the following:**

The undersigned (*circle one*) [is] [is not] a foreign partnership, foreign corporation, trust or foreign estate (as defined in the Internal Revenue Code of 1986, as amended, and the treasury regulations promulgated there under).

\_\_\_\_\_  
Print Name of Partnership, Corporation,  
Trust or Entity:

\_\_\_\_\_  
Title of Authorized Representative

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Print Jurisdiction of Organization or  
Incorporation

\_\_\_\_\_  
Print Name of Authorized Representative

\_\_\_\_\_  
Print Federal Tax Identification Number

\_\_\_\_\_  
Print Address of Residence:

\_\_\_\_\_  
Print Telephone Number:  
(    )

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ACCEPTANCE**

The terms of the foregoing, including the subscription described therein, are agreed to and accepted on this \_\_\_\_ day of \_\_\_\_\_, 2011.

ERC Investments LLC

By:

\_\_\_\_\_  
Jason T. Mogler

\_\_\_\_\_  
Jim Hinkeldey

**EXHIBIT 1  
INVESTOR STATUS**

*(Please indicate by providing your initials next to the appropriate category in which the undersigned is included, and if the undersigned is an Accredited Investor, check the appropriate category of Accredited Investors in which the undersigned is an entity).*

                      
initials

- A. **"Non-accredited Investor"**. The undersigned does not meet the definition of an "Accredited Investor" as defined herein below;

                      
initials

- B. **"Accredited Investor"**. The undersigned is an Accredited Investor as defined below (*check applicable box*):

☐ 1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds One Million (\$1,000,000) Dollars;

☐ 2. Any natural person who had an individual income in excess of Two Hundred Thousand (\$200,000) Dollars in each of the two most recent years, or joint income with that person's spouse in excess of Three Hundred Thousand (\$300,000) Dollars in each of those years and has a reasonable expectation of reaching the same income level in the current year;

☐ 3. Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U. S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefits of its employees if such plan has total assets in excess of Five Million (\$5,000,000) Dollars; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, (as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company or registered investment adviser) or if the employee benefit plan has total assets in excess of Five Million (\$5,000,000) Dollars if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

☐4. Any private business development company (as defined in Section 202(a) (22) of the Investment Advisers Act of 1940);

☐5. Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered with total assets in excess of Five Million (\$5,000,000) Dollars;

☐6. Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

☐7. Any trust, with total assets in excess of Five Million (\$5,000,000) Dollars, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

☐8.\* Any entity in which all of the equity owners are Accredited Investors.

**NOTE: Entities (a) which are formed for the purpose of investing in the Company, or (b) the equity owners of which have contributed additional capital for the purpose of investing in the Company, shall be "looked through" and each equity owner must meet the definition of an accredited investor in any of paragraphs 1, 2, 3, 4, 5, 6 or 7 above and will be treated as a separate subscriber who must meet all suitability requirements.**

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\* If this box is checked, please indicate on a separate schedule to be attached hereto, the category of Accredited Investor in which each equity owner of such entity is included.

**EXHIBIT B**  
**PROMISSORY NOTE**

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**EXHIBIT B**

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**PROMISSORY NOTE**

**THIS NOTE HAS BEEN MADE FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO OR FOR SALE IN CONNECTION WITH THE DISTRIBUTION THEREOF AND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THIS NOTE MAY NOT BE SOLD, TRANSFERRED, OR ASSIGNED ("TRANSFER") UNLESS IT IS SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE AND THE MAKER CONSENTS IN WRITING TO SUCH TRANSFER.**

ERC Investments LLC, a Arizona Limited Liability Company, with offices at 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250 (the "Maker"), for value received, promises to pay to the Individual and/or legal entity designated in this Note as the "HOLDER," of one of the following checked Offering:

☐ **OFFERING ONE (1):** The principal sum of \_\_\_\_\_ (\$\_\_\_\_\_) **Dollars** with an annualized rate of return of Eighteen (18) percent payable monthly. The entire Principal shall be due and payable to the Holder no later than twenty four (24) months from the Commencement Date. Maker may at any time or from time to time make a voluntary prepayment, whether in full or in part, of this Note, without premium or penalty.

The Company reserves the right to extend the maturity for an additional twelve (12) months at the annual rate of return of eighteen (18%) percent simple interest if for reasons beyond the company's control, such as permit approval or delays in the delivery of equipment, the above referenced maturity date cannot be met. If the Company elects this option, the maturity date would be extended up to an additional twelve (12) months from the above referenced maturity date.

☐ **OFFERING TWO (2):** The principal sum of \_\_\_\_\_ (\$\_\_\_\_\_) **Dollars** with an annualized rate of return of Twelve (12) percent payable monthly. The entire Principal shall be due and payable to the Holder no later than twenty four (24) months from the Commencement Date. Maker may at any time or from time to time make a voluntary prepayment, whether in full or in part, of this Note, without premium or penalty.

The Company reserves the right to extend the maturity for an additional twelve (12) months at the annual rate of return of twelve (12%) percent simple interest if for reasons beyond the company's control, such as permit approval or delays in the delivery of equipment, the above referenced maturity date cannot be met. If the Company elects

this option, the maturity date would be extended up to an additional twelve (12) months from the above referenced maturity date.

## **1. NOTES**

This Note in the principal amount of Twenty Five Thousand (\$25,000) Dollars per Note, or any fractional amounts, is offered for sale by the Maker, pursuant to that certain "Private Placement Memorandum" dated December 1, 2011. The Note shall be senior debt of the Maker.

## **2. EVENTS OF DEFAULT**

A default shall be defined as one or more of the following events ("Event of Default") occurring and continuing:

(a) The Maker shall fail to pay any interest payment on this Note when due for a period of thirty (30) days after notice of such default has been sent by the Holder to the Maker.

(b) The Maker shall dissolve or terminate the existence of the Maker.

(c) The Maker shall file a petition in bankruptcy, make an assignment for the benefit of its creditors, or consent to or acquiesce in the appointment of a receiver for all or substantially all of its property, or a petition for the appointment of a receiver shall be filed against the Maker and remain unstayed for at least ninety (90) days.

Upon the occurrence of an Event of Default, the Holder of this Note may, by written notice to the Maker, declare the unpaid principal amount and all accrued interest of the Note immediately due and payable.

## **3. SECURITY FOR PAYMENT OF THE NOTE(S)**

The Notes offered pursuant to this Private Placement Memorandum will be secured by property, equipment and commodities such as locomotives located in its new facility in Chicago, Illinois.

## **4. COMMENCEMENT DATE OF THE NOTE**

The Commencement Date of the Note shall be the "Effective Date," as defined in that certain "Subscription Agreement" attached as Exhibit A to the Private Placement Memorandum.

**5. STATUS OF HOLDER**

The Maker may treat the Holder of this Note as the absolute owner of this Note for the purpose of making payments of principal or interest and for all other purposes, and shall not be affected by any notice to the contrary, unless the Maker so consents in writing.

**6. SECURITIES ACT RESTRICTIONS**

This Note has not been registered for sale under the Act. This Note may not be sold, offered for sale, pledged, assigned or otherwise disposed of, unless certain conditions are satisfied, as more fully set forth in the Subscription Agreement.

**7. ATTORNEYS' FEES**

The prevailing party in an action to enforce this Note shall be entitled to reasonable attorneys' fees, costs and collection expense.

**8. MISCELLANEOUS.**

(a) **Successors and Assigns.** The Holder may not assign, transfer or sell this Note to any party without the express written consent of the Maker. This Note shall be binding upon and shall inure to the benefit of the parties, their successors and, subject to the above limitation, their assigns, and shall not be enforceable by any third party.

(b) **Entire Agreement.** This Note contains all oral and written agreements, representations and arrangements between the parties with respect to its subject matter, and no representations or warranties are made or implied, except as specifically set forth herein. No modification, waiver or amendment of any of the provisions of this Note shall be effective unless in writing and signed by both parties to this Note.

(c) **Notices.** All notices in connection with this Note shall be in writing and personally delivered or delivered via overnight mail, with written receipt there for, or sent by certified mail, return receipt requested, to each of the parties hereto at their addresses set forth above (or such other address as may hereafter be designated by either party in writing in accordance with this Section 8) with a copy to ERC Investments LLC, 8800 E. Chaparral Road, Suite 270, Scottsdale AZ 85250. Such notice shall be effective upon personal or overnight delivery or five (5) days after mailing by certified mail.

(d) **Section Headings.** The headings of the various sections of the Note have been inserted as a matter of convenience for reference only and shall be of no legal effect.



(e) **Severability.** If any provision or portion of this Note or the application thereof to any person or party or circumstances shall be invalid or unenforceable under applicable law, such event shall not affect, impair, or render invalid or unenforceable the remainder of this Note.

(f) **Applicable Law.** This Note shall be deemed to have been made in the State of Arizona, and any and all performance hereunder, or breach thereof, shall be interpreted and construed pursuant to the laws of the State of Arizona without regard to conflict of laws rules applied in the State of Arizona. The parties hereto hereby consent to personal jurisdiction and venue exclusively in the State of Arizona with respect to any action or proceeding brought with respect to this Note.

**Maker:**

**Holder:**

\_\_\_\_\_  
Sign & Date

\_\_\_\_\_  
Sign & Date

Jason T. Mogler  
**ERC Investments LLC**  
a Arizona Limited Liability Company  
8800 E. Chaparral Road, Suite 270,  
Scottsdale Arizona 85250

\_\_\_\_\_  
Print Name

Address:

**EXHIBIT C**  
**Investor Suitability Questionnaire**

**EXHIBIT C**

**ERC INVESTMENTS LLC**

**Investor Suitability Questionnaire**

To: Prospective purchasers of Promissory Notes (the "Notes") offered by ERC Investments LLC (the "Company").

The Purpose of this Questionnaire is to solicit certain information regarding your financial status to determine whether you are an "Accredited Investor," as defined under applicable federal and state securities laws, and otherwise meet the suitability criteria established by the Company for purchasing Notes. ***This questionnaire is not an offer to sell securities.***

Your answers will be kept as confidential as possible. You agree, however, that this Questionnaire may be shown to such persons as the Company deems appropriate to determine your eligibility as an Accredited Investor or to ascertain your general suitability for investing in the Notes.

***Please answer all questions completely and execute the signature page***

**A. Personal**

1. Name: \_\_\_\_\_

2. Address of Principal Residence: \_\_\_\_\_

\_\_\_\_\_ County: \_\_\_\_\_

3. Residence Telephone: (\_\_\_\_) \_\_\_\_\_

4. Where are you registered to vote? \_\_\_\_\_

5. Your driver's license is issued by the following state: \_\_\_\_\_

6. Other Residences or Contacts: Please identify any other state where you own a residence, are registered to vote, pay income taxes, hold a driver's license or have any other contacts, and describe your connection with such state:

\_\_\_\_\_  
\_\_\_\_\_

7. Please send all correspondence to:

(1) \_\_\_\_\_ Residence Address (as set forth in item A-2)

(2) \_\_\_\_\_ Business Address (as set forth in item B-1)

8. Date of Birth: \_\_\_\_\_

9. Citizenship: \_\_\_\_\_

10. Social Security or Tax I.D. #: \_\_\_\_\_

**B. Occupations and Income**

1. Occupation: \_\_\_\_\_

(a) Business Address: \_\_\_\_\_  
\_\_\_\_\_

(b) Business Telephone Number: (\_\_\_\_\_) \_\_\_\_\_

2. Gross income during each of the last two years exceeded:

(1) \_\_\_\_\_ \$25,000 (2) \_\_\_\_\_ \$50,000

(3) \_\_\_\_\_ \$100,000 (4) \_\_\_\_\_ \$200,000

3. Joint gross income with spouse during each of the last two years exceeded \$300,000

(1) \_\_\_\_\_ Yes (2) \_\_\_\_\_ No

4. Estimated gross income during current year exceeds:

(1) \_\_\_\_\_ \$25,000 (2) \_\_\_\_\_ \$50,000

(3) \_\_\_\_\_ \$100,000 (4) \_\_\_\_\_ \$200,000

5. Estimated joint gross income with spouse during current year exceeds \$300,000

(1) \_\_\_\_\_ Yes (2) \_\_\_\_\_ No

**C. Net Worth**

1. Current net worth or joint net worth with spouse (note that "net worth" includes all of the assets owned by you and your spouse in excess of total liabilities, including the fair market value, less any mortgage, of your principal residence.)

(1) \_\_\_\_\_ \$50,000-\$100,000 (2) \_\_\_\_\_ \$100,000-\$250,000 (3) \_\_\_\_\_ \$250,000-\$500,000

(4) \_\_\_\_\_ \$500,000-\$750,000 (5) \_\_\_\_\_ \$750,000-\$1,000,000 (6) \_\_\_\_\_ over \$1,000,000

2. Current value of liquid assets (cash, freely marketable securities, cash surrender value of life insurance policies, and other items easily convertible into cash) is sufficient to provide for current needs and possible personal contingencies:

(1)\_\_\_\_Yes

(2)\_\_\_\_No

**D. Affiliation with the Company**

Are you a director or executive officer of the Company?

(1)\_\_\_\_Yes

(2)\_\_\_\_No

**E. Investment Percentage of Net Worth**

If you expect to invest at least \$100,000 in Notes, does your total purchase price exceed 10% of your net worth at the time of sale, or joint net worth with your spouse?

(1)\_\_\_\_Yes

(2)\_\_\_\_No

**F. Consistent Investment Strategy**

Is this investment consistent with your overall investment strategy?

(1)\_\_\_\_Yes

(2)\_\_\_\_No

**G. Prospective Investor's Representations**

The information contained in this Questionnaire is true and complete, and the undersigned understands that the Company and its counsel will rely on such information for the purpose of complying with all applicable securities laws as discussed above. The undersigned agrees to notify the Company promptly of any change in the foregoing information which may occur prior to any purchase by the undersigned of securities from the Company.

Prospective Investor:

\_\_\_\_\_  
Signature

Date: \_\_\_\_\_, 2011

\_\_\_\_\_  
Signature (of joint purchase if purchase is to be  
Made as joint tenants or as tenants in common)

**Exhibit D**  
**ERC Investments LLC**  
**Business Plan**

## Environmentally Responsible Company (ERC) Investor Information Sheet

Please fill out the appropriate information so that we may complete your investment paperwork.

1. If you will be investing as an individual (or with a spouse or co-investor), please provide the following:

Full Name: \_\_\_\_\_

Spouse/Co-Investor Full Name: \_\_\_\_\_

Birth Date: \_\_\_\_\_

*(If applicable, e.g. filing jointly or for community property)*

Social Security Number: \_\_\_\_\_

Spouse/Co-Investor SSN: \_\_\_\_\_

Residential Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Co-Investor's Home Address *(if different from primary)*: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Residential Phone: \_\_\_\_\_

Co-Investor Home Phone: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_  
\_\_\_\_\_

*(If different from primary investor)*

Co-Investor E-mail Address: \_\_\_\_\_  
\_\_\_\_\_

Number of units requested: \_\_\_\_\_

2. If you will be investing via a trust, partnership, corporation, or other business entity, please provide the following:

Full legal name of the entity: \_\_\_\_\_

Name & Title of an authorized representative: \_\_\_\_\_

Birth Date of authorized representative: \_\_\_\_\_

Federal tax ID number of the entity (if applicable): \_\_\_\_\_

Account Number (if applicable; i.e. for a self-directed IRA): \_\_\_\_\_

Jurisdiction (state & county) of the entity: \_\_\_\_\_

Investor's E-mail Address: \_\_\_\_\_

Investor's Residential Address: \_\_\_\_\_  
\_\_\_\_\_

Investor's Residential Phone: \_\_\_\_\_

Referral Source: \_\_\_\_\_

Project Name: \_\_\_\_\_